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Daily Report

East Asia

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Daily Report

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Sultan of Brunei Opens ASEAN Meeting

BK3007101795 Bandar Seri Begawan RTB

Sukmaindera Television in English

1300 GMT 29 Jul 95

[FBIS Transcribed Text] His Majesty Paduka Seri Baginda Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, sultan and yang di-pertua [ruler] of Brunei Darussalam, has called on ASEAN foreign ministers to consider changes [words indistinct] ASEAN.

His majesty said the biggest challenge could come from changes in the international environment and growing friction between big countries over human rights, democracy, trade, copyrights, investment, and rights of sea and air passages.

His majesty made the remarks this morning while declaring open the 28th ASEAN ministerial meeting in Bandar Seri Begawan.

His majesty was met on arrival by His Royal Highness Prince Mohamed Bolkiah, foreign affairs minister; his deputy, Datuk Paduka Haji Mohamed Ali; and the secretary general of ASEAN, Datuk Ajit Singh. His majesty consented to receive greetings from the other ASEAN foreign ministers.

In his opening titah [speech], his majesty said ASEAN foreign ministers have to scan and analyze future problems that could trouble the grouping.

[Begin Bolkiah recording, in progress] ...Growing friction between big countries over human rights, democracy, trade, copyrights, intellectual property rights, investment, rights of sea and air passages over areas long uncontested by any countries can lead to a new tension. Peace and stability can never be taken for granted. Within the ASEAN region itself, recent developments in the South China Sea are a serious problem we have to resolve. ASEAN responded quickly to the problem in a common sense, but we have a long way to go before this issue can be resolved, and it will severely test our diplomatic skills, patience, and stamina. [end recording]

On the economic field, his majesty said other regions are overtaking ASEAN in economic cooperation. The countries of Argentina, Brazil, Paraguay, and Uruguay have started implementing the zero tariffs from 1 January this year.

[Begin Bolkiah recording, in progress] ... AFTA's [ASEAN Free Trade Area's] goal to achieve this by 2003 is well behind [words indistinct]. When other large countries like China and India have liberalized their economies to attract investment, ASEAN countries must respond to this competition. When ASEAN leaders meet in Bangkok in December this year, I hope ASEAN will

be able to announce the completion of AFTA by 2000. We have to take some risks with our overprotected domestic industries if we are not to be left behind.

ASEAN should continue to provide the lead in the evolution of the ARF [ASEAN Regional Forum] if it is to promote peace and security in the larger Asia-Pacific region. [end recording]

His majesty said ASEAN should continue to provide the lead in the evolution of the ASEAN Regional Forum if it is to promote peace and security in the larger Asia-Pacific region. His majesty said the ideological and cultural differences will need to narrow.

[Begin Bolkiah recording, in progress] ...From our ASEAN experience, we have faith in the process of consultations and consensus, mesyuarat and muafakat, to bring peoples and countries together provided, of course, they want to avoid conflicts. I wish the ASEAN foreign ministers success in their efforts to set ARF moving forward on a steady course. Finally, ASEAN has a key role to play in building easy-to-use channels between the three major centers of economic growth — North America, Europe, and East Asia. [end recording]

Today's opening marks the start of the 28th ASEAN foreign ministers meeting. It will then be followed by ASEAN Regional Forum and the post-ministerial meeting with dialogue partners. ASEAN was (?set up) in August 1967 with the three main objectives — to improve economic, social, and cultural development through programs of cooperation, to ensure economic and political stability in the region, and to act as a forum to solve differences between them. The current session is the second to be held in Brunei Darussalam, which hosted a similar meeting in 1989.

AFTA Tariff Cuts Pushed Forward to 2000

Ministers View Implementation

BK3007114695 Bangkok THE SUNDAY NATION

in English 30 Jul 95 p A1, A3

[Report by Kunlachada Chaiphiphath, Marisa Chimprapha]

[FBIS Transcribed Text] Bandar Seri Begawan — The Sultan of Brunei yesterday proposed that Asean leaders hasten full implementation of the Asean Free Trade Area (Afta) agreement.

Sultan Hassanal Bolkiah called for it to be brought forward by three years, from 2003 to 2000, to enable the creation of an Asean customs union by the beginning of the 21st century.

The decision should be made during the fifth Asean summit in Bangkok in December, he said.

His statement took Asean foreign ministers by surprise, especially Indonesian Foreign Minister Ali Alatas, said an Indonesian delegate. "The idea is worthwhile. Asean Economic Ministers will take a look into it," said Alatas.

In his speech opening the 28th Asean Ministerial Meetings here yesterday, Bolkiah said he hoped the Asean summit in Bangkok would announce an intention to complete Afta by the year 2000.

This would hone Asean's economic competitive edge to compete with the faster economic development of other groupings, for instance the Mercosur group and the giant economies of China and India.

"Afta's goal to achieve this by 2003 is way behind Mercosur," the sultan said. The Latin American grouping — comprising Argentina, Brazil, Paraguay and Uruguay — implemented zero tariffs from Jan 1 this year.

Yet, he said, Asean countries must also respond to the vast economies of China and India, which had liberalized to attract investment.

"We have to take some risk with our over-protected domestic industries if we are not to be left behind," he said.

The trade liberalization programme endorsed at the group's fourth summit in Singapore in 1992 was to bring down tariff rates on non-agricultural products traded between Asean nations to a maximum five per cent by 2008. The goal was shortened to 2003 at the Asean Economic Ministers' meeting in Chiang Mai last September.

The sultan's proposal was well received by Thai delegates. Thailand will host the fifth Asean summit in December, followed early next year by the Asia Europe Meeting, which will focus on boosting trade and investment between east Asia and the European Union.

Thai Foreign Minister M.R. Kasemsamson Kasemsi — while welcoming the expansion of Afta to include more products, such as agricultural goods, and the decision to shorten the timeframe — said 2003 was merely indicative and was inadequate to hone Asean's competitiveness.

"The deeper cuts under Afta and an accelerated implementation, say by the year 2000, would keep us abreast and in the forefront of global changes," Kasemsamson said in his opening address to the meeting.

The minister suggested that in addition to Afta, parallel efforts were needed to intensify Asean's co-operation in various supportive areas to facilitate the free flow of trade. He proposed the harmonization of external tariffs, standards for both goods and services and transportation and communications within a specific timeframe.

He thought that 2010 would be adequate, to give substance to Asean.

"It is now obvious that in the era of global economic liberalization, increased economic harmonization among our countries is no longer a question of choice, but one of necessity. Not only our long-term credibility will be at stake, but more importantly our competitiveness in a new global economic structure as well," said the minister.

Other Asean foreign ministers in their opening speeches struck the same chord, arguing that Asean would remain an attractive location for investment and trade through the acceleration of Afta, and strengthening its role in Apec and the World Trade Organization.

"The Asia-Pacific region will remain the main engine for global growth. The continued success of the South-east Asian regional economies continues to depend on trade and investment from outside the region," said Singapore's Foreign Minister Shanmugam Jayakumar.

He cited the 1994 World Investment Report, which noted that between 1990 and 1992 US investment grew faster in the Asia Pacific region, at 18 per cent per annum. The report listed Asean economies among the top developing economies hosting global FDI. Singapore was listed as second and Malaysia fourth. Thailand, Indonesia and Philippines were also listed.

Malaysian Foreign Minister Abdullah Badawi urged Asean to maintain its consensus on the creation of the East Asian Economic Caucus [EAEC] and the proposed Asia Europe Meeting. He said that the two proposed forums were consistent with the way the grouping should go forward in the new order of international economic and trade relations.

Badawi said the EAEC had sometimes been misinterpreted as an idea which went against the times. To the contrary, he said. The EAEC was more natural than it was an oddity.

"It is meant to be a forum for a limited number of countries whose interests are more complementary than those of others, and as a group which abides by the rules of the WTO [World Trade Organization], it cannot but contribute to regional and global trade liberalization," he said.

The prospective EAEC members are the seven Asean states plus China, Japan and South Korea. The Asia Europe meeting involves the same countries plus the 15-member European Union.

He said that EAEC would keep Asean firm on issues affecting Asean specifically as well as on other larger regional and international issues.

Sources close to the meeting said it is not difficult for Asean to reduce tariffs by 2000, as by then about 90 percent of Asean's traded items would be phased into Common Effective Preferential Tariffs (CEPT), a main mechanism to achieve Afta.

The meeting went further and proposed bringing down tariffs on products traded under CEPT to zero by 2,000 and broadening it to include industrial goods, energy, services and transportation.

The most ambitious plan provided for the establishment of an Asean customs union as the next step towards economic union, the sources said.

Asean directors general of customs met earlier in Surabaya, Indonesia, and agreed to harmonize their procedure by allowing goods traded under CEPT to be channelled to a specific clearance port in each Asean capital, making the customs clearance process quicker and more effective, said the sources.

The Director General of Business Economics, Kroekkrai Chiraphaet, who chaired the Hua Hin meeting said in an earlier interview that Asean needed to look ahead in a 20-year scenario where the escalation of liberalization would be swift.

He cited the rapid evolution of the Asia-Pacific Economic Cooperation forum, the big emerging markets of India and China, and the enlargement of the European Union by the turn of century, the North American Free Trade Arrangement and the evolution of the World Trade Organization.

Thai 'Source' Comments

BK3107055395 Bangkok THE NATION in English
31 Jul 95 pp B1, B2

[FBIS Transcribed Text] An economic adviser to Prime Minister Banhan Sinlapa-acha has given full support to Brunei Sultan, Hassanal Bolkiah's initiative to complete the Asean Free Trade Area [Afta] tariff-cut scheme by the end of 2000, instead of 2003.

It was suggested by the Brunei leader in his opening address at the Asean foreign ministers' meeting in Brunei at the weekend.

The adviser, who asked not to be named at this stage, said the initiative is in line with Finance Minister Surakiat Sathianthai's idea of quicker implementation of Afta.

Although speedier import tariff cuts would hurt some domestic industries, Thai companies are expected to adjust to prepare for freer trade, he said.

Under the Common Effective Preferential Tariff (CEPT) scheme, there is still room for manoeuvre, given the

fast track, normal track and temporary or exclusion list mechanisms.

The source said Finance Minister Surakiat also plans to push for revival of the Afta Adjustment Fund, once proposed by former deputy premier Suphachai Phantachaphak of the previous Chuan government. The Fund was intended to help industries affected by the tariff-cutting programme to prepare for the new competitive environment.

Thailand meanwhile plans to renew its efforts at the next Asean Economic Ministers (AEM) meeting in Brunei this September to include non-processed farm products such as rice in the Afta programme.

Earlier, the AEM informal meeting in Phuket last April raised objections to the proposal to include the non-processed farm goods.

Surakiat has also proposed to include the service sector in Afta which could be negotiated as part of the package to accelerate the tariff-cutting programme, said the source.

Indonesia Favors Proposal

BK3107092595 Jakarta Radio Republik Indonesia
Network in Indonesian 0600 GMT 31 Jul 95

[FBIS Translated Text] Foreign Minister Ali Alatas has welcomed the call by Sultan Hassanal Bolkiah of Brunei Darussalam for ASEAN to implement the ASEAN Free Trade Area [AFTA] in 2000. Speaking after a meeting with Vietnamese Foreign Minister Nguyen Manh Cam in Bandar Seri Begawan, Minister Alatas said he regarded Sultan Hassanal Bolkiah's proposal as an interesting idea. The matter should be thoroughly discussed during the next ASEAN meeting, however.

The ASEAN members — Brunei Darussalam, the Philippines, Indonesia, Malaysia, Singapore, and Thailand — agreed on the current deadline for implementing AFTA during the 1992 ASEAN summit. Vietnam has said it will implement AFTA in 2006.

Malaysia Welcomes Idea

BK3007074195 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 29 Jul 95

[FBIS Translated Text] Malaysia has welcomed a proposal to accelerate the creation of the ASEAN Free Trade Area [AFTA]. Foreign Minister Datuk Abdullah Haji Ahmad Badawi said Malaysia is already in the process of introducing the AFTA.

Addressing the ASEAN ministerial meeting [in Bandar Seri Begawan], he reminded ASEAN members to adopt

a common stance on regional issues, especially the East Asian Economic Caucus [EAEC].

[Begin Abdullah recording in English, in progress] ...and Asian leaders. The EAEC has sometimes been misrepresented as an idea which goes against the times, so to speak. On the contrary, the EAEC is more natural than it is an oddity. It is meant to be a forum for a limited number of countries whose interests are more complementary than those of others, and as the EAEC is a group which abides by the rules of the WTO [World Trade Organization], it cannot but contribute to regional and global liberalization. [end recording]

Datuk Abdullah also raised the Bosnia issue. He said ASEAN could use its power or influence to urge the United Nations to immediately end Serb atrocities. The UN arms embargo should not be supported.

ASEAN Faults New U.S. Refugee Policy

BK3107040895 Bangkok *THE NATION* in English
31 Jul 95 p A5

[FBIS Transcribed Text] Bandar Seri Begawan — Asean foreign ministers yesterday criticized recently adopted by the US Congress legislation designed to limit the number of Indochinese refugees it accepts.

The legislation, which will come into effect after Senate approval, qualifies the refugees by assessing their status and deciding if they fall into a "genuine" refugee bracket or are merely economic migrants seeking a better life.

The ministers reiterated their commitment to the objectives of the Comprehensive Plan of Action (CPA), which they said remained the most realistic option to resolve the problem of Indochinese refugees.

The CPA's memorandum of understanding states that there should be no Indochinese in first asylum countries by the end of this year. The CPA, with the cooperation of the UN High Commission for Refugees, was initiated in 1989. It stated that arrivals in first asylum countries after 1989 are economic migrants not genuine refugees and will be repatriated.

There currently are still Indochinese refugees, mostly Vietnamese and Laotians, remaining in many camps in some Southeast Asian countries, including Thailand, Indonesia, Brunei and the Philippines.

The issues are included in the Asean Foreign Ministers' Joint Communiqué issued yesterday when the Asean Ministerial Meeting completed its session.

"The Foreign Ministers urged all resettlement countries to weigh carefully the implications of adopting proposed legislation which has already generated false hopes of

resettlement directly from the camps in first asylum countries," according to the joint communiqué.

If they are classified under the new legislation as refugees they would be allowed to enter the resettlement programme in the US, otherwise they would be returned to their home countries.

The legislation has been criticised for generating hope among refugees facing repatriation under the programme by implying that they might be given an opportunity to settle in the US. Such hope could prolong CPA implementation.

The US legislation is contrary to CPA objectives that stipulate the repatriation of the refugees.

"They called on all parties to the CPA to remain fully committed to the implementation of the relevant Memoranda of Understanding and the decision of the fifth and sixth steering committee meetings with the view to bringing it to a conclusion by the target date, at the end of 1995. They called on the donor community to continue to provide adequate resources to UNHCR to complete its cooperations," read the joint communiqué.

ASEAN Ministers Comment on Spratlys' Situation

Indonesia's Alatas Addresses Issue

BK2907100295 Jakarta *ANTARA* in Indonesian
0805 GMT 29 Jul 95

[FBIS Translated Excerpt] Bandar Seri Begawan, 29 Jul (ANTARA) — Indonesia has expressed its concern with the worsening situation in the Spratlys, which are claimed by several ASEAN members and their neighbors, China and Taiwan.

Foreign Minister Ali Alatas expressed the concern in his inaugural speech at the 28th ASEAN ministerial meeting, which was opened by Sultan Hassanah Bolkiah in Bandar Seri Begawan on Saturday morning.

In addition to focusing on the islands in the South China Sea, [words indistinct] the ASEAN Regional Forum, free trade in the world and Southeast Asia, Vietnam's entry into ASEAN, and problems in Bosnia-Herzegovina, and the Middle East.

Alatas said the Spratly issue could eventually threaten regional stability and security if the disputing parties fail to exercise self-restraint and seek a peaceful and comprehensive solution to the conflict.

Peaceful Means

Several ASEAN members — Brunei, Malaysia, Thailand (as received), the Philippines, and Vietnam — as

well as their neighbors, China and Taiwan, respectively claim the islands as part of their territories.

In view of the worsening situation, Alatas urged the disputing parties "to continue to seek peaceful dialogues and exercise self-restraint to create a positive climate for a solution to the issue."

According to Alatas, Indonesia itself has frequently held workshops on the South China Sea as part of the effort to provide input for mutually beneficial cooperation among countries in the South China Sea. [passage omitted]

PRC Comments on Spratlys

BK3107012095 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 30 Jul 95*

[FBIS Translated Text] China has expressed its intention to settle the Spratlys dispute through legal means, thereby making prospects for a peaceful settlement of the dispute more realistic. Meanwhile, officials attending one of the sessions of the Association of South-east Asian Nations in Brunei said that the United States should not get involved because it has nothing to do with the issue. On the other hand, China is maintaining its position of holding bilateral talks with other claimants of the Spratlys.

PRC To Discuss Spratlys

BK3107023392 *Bangkok BANGKOK POST in English 31 Jul 95 pp 1, 3*

[FBIS Transcribed Text] China has indicated it will accept international law as a basis of bilateral negotiation among claimants of the South China Sea but strongly opposes any discussion of the claims during ASEAN Regional Forum.

Beijing also told third parties not to interfere in the issue on the grounds that their interference would complicate the situation.

"China is ready to work together with countries concerned to resolve the dispute according to recognised international law, the temporary law of the sea including the basic principle and legal regime defined in the UN Convention on the Law of the Sea," Chinese delegation spokesman Shen Guo Fang told a press briefing yesterday.

But Shen repeated China's position that any talks should be conducted bilaterally among the claimants alone, and that the United States — an ARF participant — should not involve itself in the Spratlys dispute, Reuters reported him as saying.

Washington has called for freedom of navigation in the area.

"It is very clear that China has indisputable sovereignty over the islands and their adjacent waters," he said. "The most effective way to handle this dispute is through bilateral negotiations," he said.

"We should especially guard against the involvement or interference by those countries which have nothing to do with this question. The involvement of those outsider countries might further complicate this question," he said. "I think, of course, the United States has nothing to do with this question."

Chinese Vice Premier and Foreign Minister Qian Qichen is here for the annual meeting with ASEAN foreign ministers yesterday and to attend the ASEAN Regional Forum tomorrow.

Brunei, Malaysia, the Philippines and Vietnam are ASEAN members that have conflicting claims on the chains of atolls known as the Spratlys in the South China Sea with China and Taiwan.

China accepts freedom of navigation in the international sea lane in the area, and sees no problem with this issue in the future, the spokesman added.

ASEAN foreign ministers expressed appreciation at the latest gestures by China.

"It doesn't mean anything yet. But if we all base ourselves on the principles of international law, then it makes things easier for everyone as that is a well-known foundation," said Indonesian Foreign Minister Ali Alatas.

"China reiterated that there will not be aggression, while negotiations are going on," Alatas said after yesterday's session between ASEAN and China which he chaired.

China and Russia hold consultative partnership with the Association of Southeast Asian Nations.

The question of dismantling China's building structures on the disputed islands was not raised during the talks, Alatas said.

Speaking after a bilateral meeting with Mr Qian, Philippine Foreign Minister Domingo Siazon rated China's latest position of acknowledging international laws as framework for negotiations as "major progress".

According to Mr Siazon, China agreed the issue would be resolved at both bilateral and multilateral levels.

A multilateral forum in this case means the second ASEAN-China Senior Officials Meeting to be held next year in Indonesia.

"I reaffirmed the Philippines' recognition of the 1992 ASEAN Declaration on the South China Sea as a framework for the peaceful and nonconfrontational management of disputes," said Mr Siazon.

The Philippines would maximise all possibilities for cooperation in the area even while efforts are going on for a definitive, long-term solution.

ASEAN regards the South China Sea as a potential flashpoint in the region.

The issue is likely to be raised during tomorrow's ASEAN Regional Forum which brings seven ASEAN Foreign Ministers together with those from China, Japan, South Korea, the U.S., Canada, Russia, Australia, New Zealand, European Union, Cambodia, Laos, and Papua New Guinea.

ASEAN has been careful not to let the ARF become a forum to grill China by non-Asian participants. China's withdrawal from the process would be a big setback, a diplomat said.

During last year's ARF, the South China Sea issue was raised but discussions did not go into depth, despite initial apprehension by the Chinese.

The Chinese delegation at that time expressed satisfaction that the ARF did not discuss the South China Sea in detail.

The U.S. suggested that addressing security issues such as the South China Sea concretely would lend more credibility to the ASEAN Regional Forum.

In a joint communique issued at the end of their two-day meeting here yesterday ASEAN ministers underlined the group's leading role in the ARF, which they prefer to see as a process moving forward at a pace comfortable to all participants.

They stressed "the importance of building confidence and mutually beneficial cooperative ventures in the ongoing Informal Workshop Series on Managing Potential Conflicts in the South China Sea initiated by Indonesia".

Asking parties concerned to exercise self-restraint and resort to peaceful dialogue in dealing with the dispute, the ministers also "called on them to refrain from taking action that could destabilise the region, including possibly undermining the freedom of navigation and aviation in the affected areas".

In obvious reference to nuclear test activities by China and France without naming these countries, the ASEAN ministers urged all states possessing nuclear weapons to desist from testing the devices.

"The Foreign Ministers deplored the resumption or planned resumption of nuclear tests in the Asia-Pacific

in view of the commitment of all state parties to the Nuclear Non-Proliferation Treaty to exert utmost restraint on nuclear weapons testing and to conclude the Comprehensive Test Ban Treaty in 1996."

Earlier this month China conducted missile tests near the coast of Taiwan, while France plans to resume a series of eight nuclear tests at the Mururoa atoll in the South Pacific from September 1995 to May 1996.

Fearing disruption to an international plan to resolve the problem of Indochinese boat people and close down first asylum camps in Asia by the end of this year, the ministers urged compliance with the Comprehensive Plan of Action reached in 1989.

A recent move by some U.S. congressmen to reconsider screening procedures resulted in a change of heart by many Vietnamese boat-people languishing in first asylum countries.

The refugees had earlier agreed to be repatriated after being disqualified for resettlement.

"The Foreign Ministers urged all resettlement countries to weigh up carefully the implications of adopting proposed legislation which has already generated false hopes of resettlement directly from the camps in the first asylum countries".

PRC Stand Viewed

BK3107024995 Bangkok BANGKOK POST
in English 31 Jul 95 p 5

[Report by Suphaphon Kanwirayothin from Bandar Seri Begawan]

[FBIS Transcribed Text] China is offering its old South China Sea wine in a new bottle with neat packaging that distracts consumers from the content at first glance.

Indonesian Foreign Minister Ali Alatas ignited optimism about China's "new perspective" with tidings from his July 19-21 visit to Beijing that China is willing to negotiate conflicting claims in the South China Sea on the basis of international treaties including the 1982 United Nations Convention on Law of the Sea.

Vietnam, the seventh member of the Association of Southeast Asian Nations, and China both claim total ownership over the Spratlys and Paracels, two chains of islets in the South China Sea believed to be resource-rich. Their claims over the Spratlys overlap those of Brunei, Malaysia, the Philippines and Taiwan.

ASEAN officials are on record as welcoming the fact that China for the first time has acknowledged the use of international treaties for negotiations on rival claims,

a move that could redraw the framework of the hitherto wild games of claim-staking on the high seas.

But off the record, a number of them digested the news with caution, insisting they have to study the implications before certifying this as a genuinely positive move that could bring the issue a first step towards a lasting solution.

On the cautious side are Malaysia the Philippines and Vietnam. China's assurance to Alatas that it does not question Indonesia's sovereignty over Natuna has had the effect of placating Indonesian concerns, according to an ASEAN diplomat.

In yet another element ASEAN sees as encouraging, China has indicated it is prepared to clarify its position on the South China Sea at the ASEAN Regional Forum discussions here tomorrow. The signal was sent through Indonesia which yesterday represented ASEAN in a session with Chinese Foreign Minister Qian Qichen under the consultative partnership programme the organisation has with China. Brunei will chair the ASEAN Regional Forum.

China has made it clear however that the talks at the ARF are for explanatory purposes, and do not constitute multilateral negotiations on the South China Sea.

In sum, two new elements in China's latest repackaging of its unwavering position on this issue are its reference to international law and the fact it no longer refuses to allow the South China Sea issue to be taken up in the ARF.

The content in the new bottle remains the original concoction however: China "owns" the South China Sea, its sovereignty is non-negotiable and it accepts only bilateral negotiations with each claimant.

With its long-term objectives that the Spratlys and Paracels will come within its dominion China has offered these gestures to allay fears among its allies in ASEAN — which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam — that it represents a threat.

China has warned third parties to stay away from the South China Sea conflict, saying those parties concerned "have the capability to settle the issue on their own". Chinese spokesman Shen Guo Fang confirmed this attitude at a press conference here yesterday.

While pledging to cherish good neighbourly ties with ASEAN, China is wary that certain powers such as the United States are trying to wield influence to contain China through close ties with some members of the organisation.

The entry of communist Vietnam into the club adds a new element into Chinese thinking on its relations with ASEAN. The U.S. extended diplomatic recognition to Vietnam on July 11, reviving speculation about a possible treaty for the U.S. to use the naval facilities it built at Cam Ranh Bay.

To the Vietnamese, China's call for peaceful negotiations has a hollow ring if one looks at China's military activities and a past bloody clash between the Vietnamese and Chinese navies.

"Nobody's clear about what China means by these gestures, but we tend to believe that China has come up with these signs to neutralise international public opinion," said one official who asked not to be identified.

At their sessions prior to the ministerial talks, senior ASEAN officials heard Malaysian observations that the 1982 United Nations Convention on Law of the Sea recognises historical claims, and perhaps the imminent move for China to hold talks on the basis of the international legal framework was the reason why China stepped up its exercise to raise its stake in the South China Sea.

Publicly, China has expressed support for the Indonesia-sponsored Informal Workshop Series on Managing Potential Conflicts in the South China Sea. But at the last workshop meeting in Bukit Tinggi in October, China along with Taiwan rejected Indonesia's bid to kick-start an official cooperation programme.

"China sees the workshop as a potential snare to lure it into the multilateralisation of the South China Sea conflict," said one ASEAN official involved.

ASEAN Head Notes PRC Stand

BK3107070695 Kuala Lumpur TH: STAR in English
31 Jul 95

[FBIS Transcribed Text] Bandar Seri Begawan — China has taken a conciliatory stand with ASEAN on overlapping territorial claims on the Spratlys, ASEAN Secretary General Datuk Ajit Singh said yesterday.

He said China told ASEAN during a seven-plus-one meeting yesterday that it was prepared to negotiate on the basis of international law and the Law of Sea.

"Beijing is prepared to be conciliatory and flexible and would like to resolve this with ASEAN in a very oriental way through patience and consultations," he told reporters after the meeting.

Ajit said discussions would be carried out bilaterally and through the institutional framework the ASEAN senior officials provided, including the ASEAN Regional Forum.

The Spratlys, seen as the next flashpoint in the region, is a potentially oil-rich cluster of isles, reefs, and atolls claimed wholly or in part by China, Philippines, Vietnam, Taiwan, Malaysia and Brunei.

Indonesian Foreign Minister Ali Alatas, who headed the ASEAN-China talks on the issue, said the meeting yesterday was significant because China recognized the 1982 Convention of the Law of Sea as a clear document on how to draw borders.

Asked whether the United States should be allowed to help in the negotiations, Ali said there was no need to expand the forum because China wanted to continue discussions with ASEAN apart from bilateral discussions with claimants.

China State Department [Ministry of Foreign Affairs] spokesman Shen Guofang said all parties should refrain from complicating the issue.

"We should shelve the dispute and go for joint development instead," he said adding that China's stand was the most "realistic and practical" way to resolve the issue as the South China Sea was a strategic point in international navigation and aviation.

"China has always attached great importance to the safety and freedom of international navigation and aviation through the international lanes in this area," he said.

Meanwhile, in the 28th ASEAN ministerial joint communique issued at the close of the two-day meeting, the ASEAN foreign ministers expressed concern over recent events in the South China Sea.

They called on all affected parties to reaffirm their commitment to the principles contained in the 1992 ASEAN Declaration on the South China Sea, which call for restraint in pursuing peaceful settlements.

ASEAN Grants Full Membership to Vietnam

SRV Minister Delivers Speech

BK2907133495 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Jul 95

[Station correspondent's report on ceremony held in Bandar Seri Begawan on 28 July to welcome Vietnam's full ASEAN membership; portions recorded]

[FBIS Translated Excerpt] [Passage omitted] Dear friends, after the signing ceremony recognizing Vietnam as an official member of ASEAN, the foreign ministers of Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand delivered welcoming speeches. The ministers expressed delight at Vietnam joining ASEAN, asserted development and achieve-

ments recorded by the organization in the past three decades, and stressed the ASEAN objectives namely cooperation, peace, and stability.

Afterward, Vietnamese Foreign Minister Nguyen Manh Cam delivered a reply speech in English, he said:

[Begin Nguyen Manh Cam recording in English and fading into Vietnamese translation] Starting from this memorable moment, Vietnam is an official member of the ASEAN family. This is a historical event of great significance in relations between Vietnam and the ASEAN nations. It is a new turning point for changes in Southeast Asia 50 years after World War II. This new factor will contribute to accelerating economic and trade cooperation in the region for the prosperity of each nation and Southeast Asia as a whole. This event is also new and clear proof of the trend of regional and global cooperation in the increasingly inter-dependent world.

On behalf of the Vietnamese Government and people, I would like to express our sincere thanks to the government of Brunei and other countries as well as to the ASEAN Secretariat for their wholehearted support and valuable cooperation extended to Vietnam during its preparations to join this important regional organization as an official and full member. We also highly appraise the support and assistance provided by many other nations at various international and nongovernmental organizations for our positive preparation for the event today. Allow me to express our sincere gratitude to Prince Mohamed Bolkiah and other foreign ministers for their kind and fine words for Vietnam at this solemn ceremony.

His Excellency the Chairman, dear colleagues, ladies and gentlemen: ASEAN has been developing and consolidating consistently for almost three decades. Starting as a five-member organization, ASEAN today is composed of seven countries with more than four hundred million people. Its role and prestige have increased at regional and international fora.

With Vietnam as a full ASEAN member and Cambodia becoming an observer, the goal of an expanded ASEAN is gradually taking shape. Vietnam has carried out its comprehensive renovation consistently and has strived to implement its open-door and diversified foreign policy in the spirit of befriending all countries of the world community while struggling for peace, independence, and development.

From this forum, I solemnly reassert our determination to continue this policy. I am convinced that with Vietnam as a full member of ASEAN, a favorable condition for the expansion of cooperation with all nations the world over will be created.

As an official ASEAN member, Vietnam will fulfill its obligations and duties in accordance with the lines, objectives, principles, and other regulations stipulated in the various basic documents of the association, including participating in AFTA [ASEAN Free Trade Area].

Along with other member countries, Vietnam will actively participate in various ASEAN cooperation programs, strengthen coordination in the framework of ASEAN, and contribute to consolidating and developing ASEAN into a firm, strong, and highly prestigious regional organization struggling for a Southeast Asia of peace, stability, cooperation, and prosperity.

Thank you very much for your attention. [End recording]

Foreign Ministers Comment

BK2907143895 Bangkok BANGKOK POST
in English 29 Jul 95 p 1

[Report by Suphaphon Kanwirayothin and Atchara Achayakachat from Bandar Seri Begawan]

[FBIS Transcribed Text] The Socialist Republic of Vietnam officially became the seventh member of the Association of Southeast Nations yesterday.

"This constitutes a milestone marking a change in the conjuncture of Southeast Asia 50 years after the end of the Second World War," said Vietnamese Foreign Minister Nguyen Manh Cam, after a ceremony in which he and his six ASEAN counterparts signed the Declaration on the Admission of Vietnam into ASEAN.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Burma and Cambodia are lining up for membership while Laos is holding observer status with the organization.

"You are just across the water from us and for too long we have been distant strangers, and we are very happy indeed to have you here with us to celebrate your admission into ASEAN," said Brunei's Foreign Minister Prince Mohamed Bolkiah after the ceremony.

Witnessed by the seven ministers in the yard outside the conference hall, the gold star on red scaled the mast to fly in between the flags of Thailand and ASEAN as Brunei army's brass band played Vietnam's national anthem Tien Quan Ca (Soldiers of Vietnam, March Forward).

Vietnam has pledged to fulfill all obligations and responsibilities of a member country according to the targets, objectives, principles and regulations clearly

specified in the ASEAN documents, Mr Cam told his colleagues.

This means Vietnam will start lowering tariffs gradually for ASEAN goods in January next year, extend to ASEAN member countries most-favoured nation treatment, and eventually extend visa-free facilities to ASEAN diplomats, officials and tourists in line with the current practice among the six.

Calling it a momentous event in ASEAN history, Indonesian Foreign Minister Ali Alatas said Vietnam's entry will undoubtedly enhance the vitality and the collective strength of the grouping.

"I am confident that an expanded ASEAN will contribute even more substantially to the promotion and maintenance of international peace and security.

"This, to my mind, sums up the significance of Vietnam's admission."

In a sober note, Singaporean Foreign Minister S. Jayakumar warned that with expansion in membership, the challenge for the former anti-Communist ASEAN is to remain robust and united.

"All is not rosy. There are worrying trends and developments in the Asia-Pacific Region.

"The challenges ahead will test our unity and diplomatic skills," he said.

Philippine Foreign Minister Domingo Siazon recalled that the last time ASEAN had as momentous an occasion as yesterday was when Brunei, the host of this year's meeting, was admitted the sixth member of ASEAN in 1984.

"Today, seven countries gather in this room as ASEAN.

"I am certain that it will not take long for us finally to realise the vision of all ten Southeast Asian countries being moved together by a common ideal and joined together in an ASEAN enterprise," he said.

With Vietnam, ASEAN will become a market of 420 million people.

The grouping is attempting to remove tariffs and non-tariff barriers with a view to creating an ASEAN Free Trade Area by the year 2003.

But Vietnam being a late-comer and struggling to shed the command system will reach the finishing line by 2006.

Vietnam's economic minister will have to sign the first agreement on tariff reduction, known as the Common Effective Preferential Tariff, in September at the ASEAN

Economic Ministers Meeting in Brunei, said an ASEAN source.

For Thailand, Vietnam's membership takes the organization one step closer to realizing ASEAN's vision of a community of 10 Southeast Asian nations by the next century.

"Thailand has long recognised that ASEAN would not be complete as long as there remains a country in Southeast Asia that is not yet a member," said Foreign Minister Kasemsamson Kasemsi.

Thai Minister Welcomes SRV

BK3007123395 Bangkok Radio Thailand Network in English 0000 GMT 30 Jul 95

[FBIS Transcribed Text] Foreign Minister M.R. Kasemsamson Kasemsi has welcomed the admission of Vietnam as a full-fledged member of ASEAN, the Association of Southeast Asian Nations. The foreign minister is attending the 28th ASEAN ministerial meeting in Bandar Seri Begawan, Brunei Darussalam. On this occasion, Vietnam is officially admitted as the seventh member of ASEAN. In a meeting with his Vietnamese counterpart Nguyen Manh Cam, M.R. Kasemsamson congratulated Vietnam on the normalization of U.S.-Vietnamese relations. He hoped that the move would lead to wider investment cooperation between Thailand and Vietnam with the application of U.S. technology.

The Thai foreign minister also said the participation of Vietnam in the ASEAN family was another step towards the building of a Southeast Asian community with 10 Southeast Asian nations by the turn of the century.

The Vietnamese foreign minister said his country regarded Thailand as a close neighbor. He said investment between the two countries remained minimal, but he hoped that it would be further expanded in the future.

Malaysian Minister Hails Entry

BK2907090195 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 28 Jul 95

[FBIS Translated Excerpt] Vietnam's entry into ASEAN has further strengthened the organization. Foreign Minister Datuk Abdullah Haji Ahmad Badawi said Malaysia believes that a strong ASEAN will not only benefit its members but will also be beneficial to the entire Asia-Pacific region:

[Begin Abdullah recording in English, in progress] ...I strongly believe also that a strong ASEAN is good not only for its members but a strong ASEAN will also be a positive factor for peace, stability, and prosperity of the wider Asia-Pacific, which forms the immediate outer environment of the Southeast Asian subregion. In an

international economic and political environment where the freedom of choice is severely constrained in many ways, Vietnam's decision to join ASEAN and ASEAN's decision to accept Vietnam into its fold is a poignant example of independent action. [passage omitted]

Cambodia, Laos Announce Plans To Join ASEAN

BK3007131495 Bangkok THE SUNDAY NATION in English 30 Jul 95 p A2

[FBIS Transcribed Text] Laos and Cambodia yesterday both announced their intention to become full members of Asean, with Vientiane setting 1997 as the date.

Phnom Penh also indicated 1997, but hedged on the target date, pledging to resolve the Khmer Rouge issue before integrating into the regional club.

"We don't want to be a burden on Asean," Cambodian Ambassador to Jakarta Keo Put-Reaksmei said.

The unexpected announcement were made one day after the association officially welcomed Vietnam as its seventh member, and to the applause of Asean foreign ministers and invited dignitaries attending the Asean Ministerial Meeting in Brunei.

If planning and preparation go smoothly, Laos and Cambodia will become members at the annual ministerial meeting in Kuala Lumpur in 1997, when Asean celebrates its 30th anniversary.

Laotian Foreign Minister Somsavat Lengsavat received an ovation yesterday when he announced, "I hope that my colleagues will continue supporting our efforts and providing necessary assistance to enable the Lao People's Democratic Republic to become a member of Asean in 1997 on its 30th anniversary."

Somsavat said later he would hold talks today with his Malaysian counterpart, Abdullah Badawi, about the appropriate procedures.

Badawi is chairman of an Asean consultative committee coordinating with Laos.

"I have already informed Asean Secretary-General Ajit Singh of Laos' intention to become a full-fledged member of the Asean grouping. We expect to receive a warm welcome, like Vietnam," said Somsavat, who was scheduled to meet Singh this morning.

Cambodia, admitted as an observer on Friday, announced that it expected to resolve all problems with the Khmer Rouge within two years.

"I informed other Asean foreign ministers that my country expects to solve our political problems within two years and we will become a full member of the

Asean grouping." Cambodian Foreign Minister Ing Huot told THE NATION.

The minister said Asean did not set political conditions to membership. "It is our responsibility," he said.

In his inaugural speech to the Asean meeting, Ing Huot said: "It is only a short while ago that the problems of Cambodia were the main agenda item at all meetings ... Cambodia was a source of regional debate and concern for two decades, but no longer."

In his speech, Somsavat said Laos was already preparing for membership. The Lao foreign ministry had reorganized its Asean division "to be a specialized working unit which plays its coordinating role with institutions inside the country and with Asean", he said.

"At the same time we have paid attention to working out a plan to improve the English language proficiency of government officials, which is to be carried out locally and abroad. We have also disseminated knowledge about Asean among other government ministries and institutions."

Sa-gnakan Sisouvong, director of Vientiane's Asean division, said a number of factors had influenced the decision to fix a timeframe for full membership, including the world and regional situations.

"Our two neighbours' moves to join Asean is one factor, but not a decisive one," said Sa-gnakan, referring to Burma's accession on Thursday to Asean's Treaty of Amity and Cooperation and Cambodia being granted observer status.

"We feel we have not moved much during the past three years and it is time to do something. Perhaps setting a clear target will help us move faster and draw more support," he said.

Laos and Vietnam were granted observer status since 1992. Vietnam's integration this week into Asean leaves the two remaining Indochinese nations — Laos and Cambodia — as observers.

'Wide' Support Noted

BK3107025495 Bangkok BANGKOK POST
in English 31 Jul 95 p 6

[Report by Phanrawi Tansuphaphon and Saritdet Marukhatthath from Bandar Seri Begawan]

[FBIS Transcribed Text] Cambodia and Laos yesterday won wide ASEAN backing for their efforts to attain full membership of the organisation by 1997.

The Association of Southeast Asian Nations' foreign ministers, in a joint communique, called for increased

cooperation with Cambodia and Laos to prepare them for membership.

They also agreed to have Thailand invite leaders of Burma, Cambodia and Laos to the ASEAN summit scheduled for December 14-15 in Bangkok.

The foreign ministers of Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam released the communique at the end of their annual meeting yesterday.

Cambodia, Laos and Papua New Guinea are observers.

Cambodia and Laos were among countries ASEAN held talks with yesterday. The others were China and Russia, its consultative partners.

Brunei Foreign Minister Prince Mohamed Bolkiah, who chaired talks with Cambodia, told his Phnom Penh counterpart Ing Huot:

"We are all keen to help you in these efforts (to become a member) and it will be interesting to hear how you see future cooperation between us."

Laotian Foreign Minister Somsavat Lengsavat asked the ASEAN Secretariat to send a group to Vientiane to prepare Laotian officials for ASEAN membership, a Thai Foreign Ministry source said.

Director-general of the Foreign Ministry's East Asian Department Sombun Sa-ngiambut said the Laotian minister sought ASEAN assistance in English-language training immediately to enable Laotian officials to work with their ASEAN counterparts.

ASEAN countries promised to continue offering scholarships for Laotian officials to study the language in their countries.

"The Laotian minister assured ASEAN that Laotian officials would be well-equipped before the country seeks membership," the source said.

Mr Somsavat called for more trade and investment between ASEAN and Laos to enable the Laotian economy to catch up with that of other members.

Laos was also ready to work on the ASEAN Free Trade Area, he said.

In a separate development, Cambodia's dual premiership was mentioned as a possible complication to Thailand's invitation for Phnom Penh to attend the Bangkok summit.

An ASEAN diplomat said only one government leader from Cambodia would attend the meeting.

Cambodia's ruling government has Prince Norodom Ranariddh as First Prime Minister and Hun Sen as Second Prime Minister.

Prime Minister Khamtai Siphandon will represent Laos and Gen [General] Than Shwe is likely to attend if Burma takes up its invitation.

Gen Than Shwe chairs the ruling State Law and Order Restoration Council.

The Cambodian and Laotian foreign ministers said their countries would be new members within two years.

Burma is seeking ASEAN observer status after acceding to the Treaty of Amity and Cooperation.

Prospects for Entry Viewed

BK2907092395 Bangkok BANGKOK POST
in English 28 Jul 95 p 4

[Report by Suphaphon Kanwerayothin and Saritdet Marukathat]

[FBIS Transcribed Text] Bandar Seri Begawan — At five o'clock this afternoon, the Socialist Republic of Vietnam's gold star on red will fly alongside the national flags of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Vietnam's official admission to the Association of Southeast Asian Nations today leaves Cambodia, Laos and Burma on the threshold. Laos and Cambodia already have one foot in the door as observers, a status Burma is seeking here.

But on the whole, the trio are firmly on track towards ASEAN membership.

Laos keeps other nations guessing on its pace towards joining ASEAN as its Foreign Minister Somsavat Lengsavat said on arrival yesterday that he will meet the grouping tomorrow to discuss the matter in detail.

"Let's wait for the announcement after the meeting," he said.

"The integration (of a 10-nation ASEAN) is a matter of time and depends upon the readiness of each nation."

Indonesian Foreign Minister Ali Alatas said upon arrival here yesterday ASEAN's and Indonesia's dream of a 10-nation Southeast Asian community was going to be realised.

Cambodia and Burma — provided Rangoon makes its internal situation palatable to the international community to qualify for observer status — could reach the finishing line of membership well ahead of Laos, ac-

cording to ASEAN diplomats interviewed by Bangkok Post.

Burmese Foreign Minister Ohn Gyaw arrived here yesterday and immediately proceeded from the airport to meet his host, Bruneian Foreign Minister Prince Mohamed Bolkiah to present "instruments of accession" to the Treaty of Amity and Cooperation.

The schedule of the Burmese minister, who refused to speak to reporters upon arrival, was kept under tight wraps. Apart from Prince Bolkiah, Ohn Gyaw is due to meet bilaterally with his counterparts from some of the 19 countries taking part in the series of meetings until August 3.

By acceding to the treaty, Burma is seeking to become an observer in ASEAN, the rung of participation Laos has held for the third year here and now shared by Cambodia for the first time.

ASEAN observers are given a seat in the ASEAN Regional Forum, a venue for security dialogue that involves major world powers like the United States, China, Japan and the European Union.

Three senior ASEAN diplomats have indicated that Burma could be made an observer as soon as the next annual ASEAN ministers meeting in Jakarta if there are further positive signs in the improvement of Burma's democratisation and human rights situation.

"We are not setting conditions such as the installation of an elected government as criteria for Burma's observer status because we consider what is going on there is their domestic affair. Nevertheless, the internal situation is certainly a factor for consideration for any further ASEAN move," said one.

Of the two observers (Cambodia and Laos) and the prospective observer (Burma), Burma is regarded as the most attractive and best equipped candidate to join ASEAN as a full member, if not for its repressive junta leadership.

Cambodian Foreign Minister Ing Huot announced that his country wants to become an ASEAN member within two years, a goal ASEAN diplomats rate as realistic.

Cambodia has recently set up an ASEAN department staffed by 12 officials, and the country has shown unbridled enthusiasm to become an ASEAN member.

Laos, meanwhile, will not let external currents set its agenda, insisting on its independent policy.

"As far as full ASEAN membership is concerned, Laos might be outpaced by Cambodia and Burma," said one ASEAN diplomat.

The fact Laotian Prime Minister Khamtai Siphandon was the first foreign leader to pay an official visit to Burma after the State Law and Order Restoration took over the country clearly indicates how independent this landlocked country is, said one observer.

Laos is balancing its relations with neighbouring countries, although it maintains special relationship with Vietnam.

At the same time, it frequently exchanges visits at both government and party levels with China, another neighbour to the north.

The country realises it has to live with Thailand but it nurtures relations with other ASEAN countries like Indonesia, Malaysia and Singapore.

Prime Minister Khamtai, who is president of the Lao People's Revolutionary Party, said on the 40th anniversary of the party in March that Laos had to maintain friendship with all neighbours and cooperate in regional movements.

Laos is aware of the importance of integration into ASEAN but it is not trying to rush itself, preferring to move at its own pace.

Laotian Foreign Minister Somsavat Lengsavat queried ASEAN secretary-general Ajit Singh on the process of entering ASEAN at last year's ASEAN foreign ministers' meeting in Bangkok.

The country set up an ASEAN division with three officials on April 6 and will send foreign ministry officials for training at the ASEAN Secretariat in Jakarta this year.

"But don't expect Laos to go as fast as what Cambodia is doing," said one diplomat.

"Laos is more comfortable with its current status and is concerned that being part of ASEAN would affect international aid to the country."

Laos also is not as adept as Cambodia and Vietnam in soliciting outside help to boost the resources needed to cope with ASEAN activities, including attending over 200 meetings a year.

ASEAN diplomats in Vientiane view the financial factor as another constraint as Laos would be reluctant to put money into ASEAN meetings while its priority is to lift the country out of its least developed countries status.

However, Mr Somsavat admitted that insufficient human resources also was among constraints his country was facing on the way to joining the grouping.

Britain, Brunei, Canada and Singapore are among financial contributors to Laos in English language training for its foreign ministry officials.

Cambodia Now 'Official' Observer

BK2907091095 Singapore Radio Corporation of Singapore in English 1300 GMT 28 Jul 95

[FBIS Transcribed Excerpt] Vietnam has officially become the seventh member of ASEAN. [passage omitted]

At a ceremony later, Cambodia was made an official ASEAN observer. Cambodian Foreign Minister Ing Huot said he was pleased Cambodia had been made an observer just six months after applying. He said there was no timetable for full membership as yet. Mr. Ing Huot said at the earliest it would be a year and at the longest two.

Laos Seeks Help To Assist Admission

BK3107035595 Bangkok THE NATION in English 31 Jul 95 p A5

[FBIS Transcribed Text] Bandar Seri Begawan — Laos yesterday asked the Jakarta-based Asean Secretariat to make a fact-finding visit to Vientiane in preparation for the country's anticipated admission as a member in 1997, an informed source said.

Laotian Foreign Minister Somsavat Lengsavat made the request during a consultative meeting between Laos and Asean chaired by Malaysian Foreign Minister Abdullah Badawi.

The source said that the secretariat informed Somsavat that it would organize a trip.

Laos and Vietnam have both been observers at Asean since 1992. Hanoi was admitted as a full member last week.

Vientiane had been silent about when it would be ready for membership, but Somsavat announced at the opening ceremony of the Asean Ministerial Meeting on Saturday that his country plans to join in 1997, Asean's 30th anniversary.

During yesterday's meeting Asean countries reiterated their support for Laos in the form of training and education programmes, the source added.

Somsavat told them Laos is in particular in need of assistance in teaching officials English, Asean's official language.

The director of Vientiane's Asean division, Sa-ngakan Sisouvong, said in an interview that the country needs time to recruit and train additional officials.

He said the five-man Asean division would be upgraded to a department during the preparation for full membership.

"This is one of the functional commitments Laos has to overcome to become a full member," Sisouvang said.

The Asean division is more like a special working unit, a subsection of the Southeast Asian division within the Department of Africa, Asia and Pacific.

The Lao ministry for foreign affairs has about 200 staff, but only a limited number of people well-versed in international affairs and Asean in particular.

Laos, the most secretive communist state with four million people, has a more serious problem than its communist neighbour Vietnam and Cambodia. Very few of its limited population are well educated and even fewer are proficient in English.

Vietnam, with 72 million, and Cambodia with eight million, have long been exposed to international negotiations and diplomacy.

Vietnam spearheaded the Indochinese states in the Non-aligned Movement and the former economic eastern bloc, Comecon [Council for Mutual Economic Assistance].

"We have to look at our own capacity before joining Asean, not just following the others without looking at ourselves," said Sa-ngakan, who visited Australia recently.

Asean countries each have a department within the Foreign Ministry to supervise and implement Asean Affairs, which involve year-round meetings and activities in addition to key annual ministerial meetings and preparatory gatherings.

"We want qualified manpower, but we just could not bring in the cream of other government agencies. They need qualified people as well," he said.

"We are working on this with the ASEAN Secretariat and the United Nations Development Program and individual countries for financial support and training for Lao officials," he said.

Laos would send two officials to the ASEAN Secretariat in October to gain experience. Bilateral agreements had also been reached to allow officials to tour the ASEAN department of member states.

Canada had also granted 60 scholarship for three-month English training courses in Singapore. Six officials were already undergoing course.

Burma To Discuss ASEAN Observer Status

BK3007123495 Bangkok THE SUNDAY NATION
in English 30 Jul 95 p A2

[FBIS Transcribed Text] Burmese Foreign Minister U Ohn Gyaw yesterday said he will discuss with Asean the procedures required to be admitted as an observer.

"At this stage, we will discuss observer status with Asean. We will not go further into the question of membership," Ohn Gyaw said after the opening session of the Asean meeting, which he attended as guest of Brunei.

Burma acceded to Asean's Treaty of Amity and Cooperation in Southeast Asia on Thursday, and sought observer status. The application will be considered later by the seven Asean members.

Indonesian Foreign Minister Ali Alatas told the audience that "in its endeavours at national reconciliation, as exemplified by the recent decision of the government to release Daw Aung San Suu Kyi, Myanmar (Burma) deserves all the encouragement that we (Asean) can give".

"The recent developments in Myanmar are, we believe, a vindication of Asean's faith in the capability of the people of Myanmar to solve their own problems and achieve national reconciliation without undue outside interference," Alatas said.

Thai Foreign Minister M.R. Kasemsamson Kasemsi said Burma had, to the credit of her government and people, released Aung San Suu Kyi, who had publicly emphasised that reconciliation was the only viable solution for Burma's political future.

"In keeping with the prevailing mood of harmony, Yangon (Rangoon) has acceded to Asean's Treaty of Amity and Cooperation, taking the first tentative steps towards its re-integration into the international community," Kasemsamson said.

Thai Foreign Minister Comments

BK2907154995 Bangkok THE NATION in English
29 Jul 95 p A6

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Bandar Seri Begawan — Thailand has agreed there should be no preconditions for Burmese membership of Asean, Foreign Minister Kasemsamson Kasemsi said yesterday.

The Kingdom could not set preconditions for any country it wanted to befriend, because it would in the end have no friends at all, he said.

Each country had to develop its own political and social system, and means of resolving internal problems.

"Development in Burma is similar to a wheel running on the right track. We regard it as positive change. No matter whether it goes at a fast or slow pace, it will continue onwards," Kasemsamoson said.

He was speaking after meeting Burmese Foreign Minister U Ohn Gyaw at a state guest house.

Ohn Gyaw, who is attending the annual meeting of Asean foreign ministers as a guest of the host, on Thursday presented Rangoon's "instrument of accession" to the Asean Treaty of Amity and Cooperation in South-east Asia.

Kasemsamoson, a former permanent foreign secretary, resumed his diplomatic career yesterday by making the acquaintance of his counterparts in other Asean governments and Burma.

In the afternoon he attended the official ceremony to admit Vietnam as the seventh member of the group, and Cambodia as an observer state.

Indonesian Foreign Minister Ali Alatas on Thursday told reporters that Asean countries did not regard the internal political situation in Burma as a precondition for Rangoon to become a member.

Kasemsamoson said he had told the Burmese minister that the recent release of pro-democracy leader Aung San Suu Kyi was a positive sign of political progress in the country.

"When I informed the minister, I neither praised nor blamed Burma for the release, as Thailand has a firm policy of not interfering in other countries' domestic affairs," he said.

"We have to think about the needs of the Burmese people. We do not have to set conditions from our side," he added.

The minister said that he also told Ohn Gyaw that Asean planned a meeting in Bangkok in December of the 10 Southeast Asian nations — the seven Asean members, Cambodia, Laos and Burma — to discuss issues of mutual interests.

The meeting, known as the SEA-10, was scheduled to coincide with the four-yearly Asean Summit of heads of government. Kasemsamoson declined to reveal Burma's response.

He said the recent souring of Thai-Burmese relations was "serious" and in urgent need of mending. He had told Ohn Gyaw of his desire to improve relations.

"We consider the (current state of) relations to be serious and in need of mutual cooperation to improve the situation," Kasemsamoson said.

"Thailand is concerned about such mutual ties. If bilateral relations get a little bit serious, there has to be some adjustment," he added.

Burma has accused Thailand of providing sanctuary and assistance to anti-Rangoon Karen guerrilla forces and Burmese forces have attacked refugee camps on Thai soil.

On behalf of Defence Minister Chawalit Yongchaiyut, Kasemsamoson extended his appreciation and thanks to Burmese junta leader Gen Than Shwe, who sent a congratulatory letter after Chawalit's appointment.

According to Kasemsamoson, Chawalit wanted to travel Burma in the near future. Ohn Gyaw was quoted as saying that he would work out appropriate details.

Chawalit established good contacts and relations with leaders of the ruling Burmese junta, the State Law and Order Restoration Council (Slorc), when he was Army commander.

He broke the international isolation of Slorc by being the first foreign dignitary to call on the junta in December 1988. It is believed his intended visit would be to help mend the deteriorating ties between the two countries.

Burma Calls Meeting 'Success'

BK3107143395 Bandar Seri Begawan RTB
Sukmaindera Television in English
1300 GMT 31 Jul 95

[FBIS Transcribed Text] Myanmar's [Burma's] Foreign Minister His Excellency Mr. U Ohn Gyaw said that the just concluded ASEAN Ministerial Meeting had achieved successes. He made the comments at an interview with a Radio Television Brunei reporter before leaving the country this afternoon.

[Begin recording] [Ohn Gyaw] It is very successful. It is historic because it is in accordance with the wish of the founding fathers of ASEAN that at one stage, at one time, there will be 10 Southeast Asian countries gathering together. And of course the significance of this meeting is such that not only paving the way for a meaningful cooperation, but right now we have seven full members of ASEAN and three, including of course Myanmar, to become [changes thought] leading to observer status. This of course is an encouraging step which we go into the 21st century, then this area will be stable, cooperative, and developing.

[Unidentified correspondent] Will Myanmar become an ASEAN member?

[Ohn Gyaw] In accordance with the process of the ASEAN, of course with the condition developing in our country, this is the commitment that we make that we will become observer. Then after that, of course gradually, we will become full member. [end recording]

PRC's Qian Meets With Brunei Minister

OW3007082495 Tokyo KYODO in English
0805 GMT 30 Jul 95

[FBIS Transcribed Text] Bandar Seri Begawan, July 30 KYODO — China has only neighborly intentions toward the seven countries grouped together in the Association of Southeast Asian Nations (ASEAN). Chinese Foreign Minister Qian Qichen said in Brunei on Sunday [30 July].

Chinese Foreign Ministry spokesman Shen Guofang told reporters that Qian offered the reassurances during talks with Brunei Foreign Minister Mohamed Bolkiah, who is the current chairman of the ASEAN Standing Committee.

"(Qian) said that China will continuously adopt a good-neighborly and friendly policy toward all the ASEAN countries," Shen said.

"China has enjoyed very good cooperation with ASEAN countries in the past and this good cooperative relationship has been maintained and in the future we'll continue to strengthen this cooperation and work together with these ASEAN countries for the maintenance of peace and development in the region," Qian was quoted as adding.

China has maritime territorial claims in the South China Sea overlapping those made by four ASEAN members — Brunei, Malaysia, the Philippines and Vietnam — and is widely perceived among ASEAN members as the greatest potential regional security threat.

Qian arrived in Brunei on Friday to take part in a series of ASEAN-organized ministerial meetings.

Singapore Urges ASEAN Regional Council

BK2907143595 Singapore Radio Corporation of
Singapore in English 1000 GMT 29 Jul 95

[FBIS Transcribed Text] Brunei Sultan Hassanal Bolkiah has called for the creation of a free trade area in the region by 2000, three years ahead of schedule. He was opening the ASEAN ministerial meeting in Bandar Seri Begawan. Sultan Hassanal Bolkiah cautioned that other regions were already overtaking ASEAN in economic cooperation and were liberalizing their economies to attract investment. ASEAN must respond to this competition.

Singapore's foreign minister, S. Jayakumar, told the meeting that ASEAN must adapt to the new realities in a rapidly changing world. Otherwise, it risks being sidelined, especially since the world may no longer move at a pace comfortable to ASEAN. Prof. Jayakumar noted that ASEAN will find it increasingly difficult to get agreement on every issue as its membership expands. He said on core issues, ASEAN must remain united. Only then can an expanded ASEAN seize the opportunities.

Thailand suggested at the meeting that ASEAN set up a regional parliament or council. Foreign Minister Kasemsamoson Kasemsi said this nonpolitical body would give ASEAN a moral force and strengthen it.

Thailand To Pursue Council Idea

BK3107025895 Bangkok BANGKOK POST
in English 31 Jul 95 p 6

[Report by Pharawi Tansuphaphon from Bandar Seri Begawan]

[FBIS Transcribed Text] Thailand will follow up its initiative for an independent ASEAN Council by putting it on the agenda for the organisation's summit in Bangkok this December.

Foreign Minister M.R. Kasem S. Kasemsi said ASEAN senior officials meeting in Bangkok in September would work on details of the council he proposed during the opening of the group's annual ministerial meeting on Saturday.

The council would supply input and suggestions for the organisation, something along the lines of the European Council, he said.

It would enable ASEAN members to broaden their relations in spheres other than politics and economics, M.R. Kasem said on Saturday night.

Thailand's ASEAN counterparts gave a lukewarm response to the idea. They are Brunei, Indonesia, Malaysia, the Philippines, Singapore and Vietnam.

Thailand, as host, will invite the Burmese, Cambodian and Laotian leaders to join the summit.

"If meaningful ASEAN integration is going to be possible, it requires more than the will to get together, but also the ability to live together," M.R. Kasem said in his opening speech.

He said each member country would elect representatives from various professions to the council.

They could come from political parties, parliamentary groups, the news media, business, grassroots movements and other political organisations.

"I would like the public to be able to express their opinions to determine how best to achieve sustainable development — not growth for growth's sake, but growth which entails improvement in the quality of life," he said.

Thailand To Maintain ASEAN 'Leading Role'

*BK3107061295 Bangkok THAILAND TIMES
in English 31 Jul 95 p A3*

[FBIS Transcribed Text] Bandar Seri Begawan — Thailand wishes to maintain its "leading role" within ASEAN by floating an idea of establishing a separate and independent body from ASEAN, an ideal forum for common people in the entire region to partake, Thailand's Foreign Minister M.R. Kasemsamson Kasemsi said yesterday.

"This leading role is not aimed at dictating the courses of other ASEAN members," Kasemsamson told reporters when asked if this could cause distrust from other ASEAN states. "Any progress then cannot be made if we're always afraid of this and that."

He said this leading role will only be designed to encourage other members with new initiatives.

The leading role in ASEAN is one of the Banhan Sinlapa-acha government's foreign policies, which were declared to Parliament last week.

ASEAN itself, he said, is a result of Thailand's leading role in initiating the establishment 28 years ago with the idea of former foreign minister Thanat Khoman, adding that it was former Thai prime minister Anan Panyarachun who conceptualized the ASEAN Free Trade Area (AFTA) at the 1992 Singapore Summit.

The Thai foreign minister, in his statement delivered at the ASEAN Ministerial Meeting on Saturday, conceptualized to set up a body which could be in a form of "regional parliament or council", in which people with diversity of occupational backgrounds — be they peasants, laborers, artists or merchants — could participate.

Representing at the body could comprise 10 "delegates" from each ASEAN country. They might come from elections or by selection.

This body is meant to complement the efforts of ASEAN to give directions and meet challenges in the foreseeable future.

The crux of the concept spells out the increasing participation of the common man in the development of ASEAN.

The ideal organization would serve to play an advisory role in the ASEAN similar to that of the Eminent Persons' Group (EPG) of the Asia-Pacific Economic

Cooperation (APEC) forum, Kasemsamson said, the difference is that the APEC's EPG is composed of academics and intellectuals.

"We want common people to determine their own destiny," he said.

Their role would be to discuss matters that fall purview of ASEAN — be they political, economic, social — and "recommend courses of action where appropriate" to ASEAN.

Asked if this body would reduce ASEAN's role, Kasemsamson said there would probably be effect, in that it would not be ASEAN governments alone that contemplate and determine.

Australian Foreign Minister on Regional Security

*LD2807100595 Melbourne Radio Australia
in English 0900 GMT 28 Jul 95*

[FBIS Transcribed Text] Addressing the annual forum of the Association of South East Asian Nations in Brunei, Australia's Foreign Minister Gareth Evans says security and economic progress in the Asia-Pacific region are inextricably linked. Senator Evans says that without the benefits of economic progress there will be little prospect of resolving tensions within and between states. And he says that without a stable security environment the region cannot hope to maintain the rate of investment required to sustain growth.

Senator Evans said that interlocking progress in economic and security issues will be crucially important to achieving a regional sense of identity. He says that, despite the views of some pessimists, the Asia-Pacific is currently more tranquil than any other region.

Indonesia Rejects Military Solution for Bosnia

*BK2907092195 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 29 Jul 95*

[FBIS Transcribed Text] Indonesia has rejected a military solution to the conflict in Bosnia, apparently rebuffing a call by a fellow Southeast Asian nation, Malaysia, to supply arms to Bosnia for its defense against Serb aggressors.

Indonesian Foreign Minister Ali Alatas, addressing counterparts from six other nations of the region, said his country is concerned at the senseless killing of civilians and the unprovoked attacks on United Nations safe areas. He was speaking after the inauguration of the annual meeting of foreign ministers of the Association of Southeast Asian Nations, ASEAN.

Indonesia, the world's largest Muslim nation, also supports the lifting of the arms embargo as all ASEAN

nations. Citing the previous suggestion by Indonesian President Suharto, Alatas said Jakarta was willing to mediate in a peace process and said negotiations should proceed from direct talks between leaders of the former Yugoslavia in a structured international conference.

ASEAN Foreign Ministers' Speeches Viewed

BK3007105395 Bangkok: THE SUNDAY POST
in English 30 Jul 95 pp 1, 3

[Report by Phanrawi Tansuphaphon and Atchara Atsayakachat from Bandar Seri Begawan]

[FBIS Transcribed Text] The Association of Southeast Asian Nations is to search for a new destiny and identity to cope with the new world economic and political order.

This was unanimously agreed among the foreign ministers of members states here yesterday.

With Laos and Cambodia intending to become full members in two years, and with Burma seeking observer status, Asean is firmly on the path of grouping all ten countries in the region under one umbrella.

Vietnam was admitted as the seventh member on Friday, joining the original line-up of Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.

"The Asean ship needs to be refurbished" Malaysian Foreign Minister Abdullah Ahmad Badawi said in the opening ceremony yesterday of the 28th Asean ministerial meeting.

This idea was supported by his Thai and Singaporean counterparts.

Thai Foreign Minister M.R. Kasemsamoson Kasemsi said Asean is now at a critical juncture, requiring it to be more responsive to measure up to the new challenging environment.

He also proposed an independent body which would take the form of a regional parliament or council, comprising representatives elected from each member country.

"These delegates would be drawn from political parties, parliamentary groups such as the AIPO [ASEAN Interparliamentary Organization], media, business, grass-roots movements and other popular political organisations to ensure the broadest representation," M.R. Kasemsamoson said.

He will urge the consideration of such a regional parliament or council during the Bangkok summit.

Singaporean Foreign Minister S. Jayakumar called for Asean to prepare itself psychologically to become a "rapid reaction" organisation.

"If Asean does not move fast and stay ahead of developments, we will be sidelined," he said.

Malaysia proposed that the new movement of Asean should be discussed during the Asean Summit 1995 set for mid-December in Bangkok.

Mr Badawi said an expanded Asean should be a stronger Asean as a factor to be reckoned with in regional and international affairs.

"One Southeast Asia, united under the Asean banner, is the best means of keeping the cluster intact and strong," he said.

All Asean foreign ministers underscored the message for an "Asean Ten".

They warmly welcomed Cambodia as a new observer and Burma's accession to the Treaty of Amity and Cooperation, the first step toward observer status and eventual membership.

"Asean as a group of six is good, but Asean as a group of ten would be better," Mr Badawi said.

Mr Jayakumar said in his speech that the 28-year-old organisation should be flexible and pragmatic and play a more active role in the international arena.

"This will become more important in the future. Consensus has never meant unanimity," he said.

At the same time, Asean should express concerns on problems taking place around Asean, for example the South China Sea, resumption of nuclear weapons testing by nuclear powers, or even the triangular relationship between the United States, China and Japan.

Philippine Foreign Minister Domingo Siazon stressed that the Southeast Asia Nuclear Weapons Free Zone Treaty should be signed at the fifth Asean summit in Bangkok.

Though united in their aspiration on the need for a new Asean direction the foreign ministers offered different details for the theme.

Malaysia warned strongly about western influence in the region.

"I dread the day when Asean countries begin to take unilateral national positions on all international and regional issues, with Asean the organisation consigned to drift like a ship which has no particular bearing," said Mr Badawi.

The Malaysian Foreign Minister also noted that Asean should take care to ensure that the increase in numbers would not reduce Asean's cohesiveness or diminish its relevance and effectiveness.

For the Asia-Europe Meeting to be held in March next year in Bangkok, Mr Badawi said:

"It is not unnatural to have mutually supportive Asian economies to participate on the Asian side of the forum."

The Asian side of the forum includes the seven Asean members, China, Japan and South Korea.

On another crucial Asean exercise on security matters, Indonesian Foreign Minister Ali Alatas said the Asean Regional Forum (Arf), a loose consultative forum on political and security issues in Asia and the Pacific, should proceed at a pace comfortable to all its participants.

Of the Arf participants, the US is known to advocate a move toward addressing the issue concretely, an idea opposed by China.

However, M. R. Kasemsamson proposed that the forum should tackle not only traditional security issues, but also seek innovative solutions to nontraditional issues.

ASEAN Ministers Issue Joint Communiqué

BK3007105495 Singapore Radio Corporation of Singapore in English 1000 GMT 30 Jul 95

[FBIS Transcribed Text] ASEAN foreign ministers meeting in Brunei have issued a joint communiqué at the end of the 28th ASEAN ministerial meeting. The communiqué outlines ASEAN's stand on political, security, and economic cooperation and ASEAN's external relations.

On political and security cooperation, the ministers endorsed the ASEAN concept paper on the ASEAN Regional Forum, ARF. [Words indistinct] cites ASEAN's role as a driving force of the ARF and the need to build confidence among ARF participants. This will help ensure lasting peace and stability in the region.

The joint communiqué also endorsed efforts by which countries outside Southeast Asia can associate themselves with the Treaty of Amity and Cooperation.

Content Reported

BK3107055595 Bangkok THE NATION in English 31 Jul 95 p A5

[FBIS Transcribed Text] The foreign ministers welcomed Vietnam as the seventh member of Asean. They also welcomed the accession of Cambodia to the Treaty of Amity and Cooperation in Southeast Asia. Cambodia was also granted observer status. They believed that these events marked a historic step towards building a Southeast Asian community and looked forward to when all Southeast Asian nations become members of Asean. The ministers called for increased cooperation

with Cambodia and Laos to assist them in preparing for their eventual membership.

The foreign ministers noted with satisfaction the progress made in the implementation of Asean's "Programme of Action on Zone Of Peace Freedom And Neutrality". The ministers also noted the positive progress in solving the legal and technical aspects of the drafting of the Treaty on Southeast Asia Nuclear Weapons Free Zone. They further noted similar progress in deciding on the most appropriate instrument by which countries outside the region would be able to associate themselves with the Treaty of Amity and Cooperation in Southeast Asia. The foreign ministers agreed that the association of non-Southeast Asian countries to the treaty would enhance peace and stability in the region.

The foreign ministers exchanged views on the regional and international situation. They noted with satisfaction the continuing positive developments in Asean and the wider Asia-Pacific area. In this regard, they stressed the importance of a stable relationship among the major powers.

The foreign minister emphasised the importance of the Nuclear Non-Proliferation Treaty (NPT) in promoting international peace and security. Bearing in mind the objectives of general and complete disarmament, the ministers noted the outcome of the recent 1995 Review and Extension Conference of the Parties to the NPT and attached particular importance to the establishment of internationally recognized nuclear-weapon-free zones by the year 2000. In this regard, the ministers deplored the resumption or planned resumption of nuclear tests in the Asia Pacific in view of the commitment of all party states to the NPT to exert utmost restraint on nuclear weapons testing and to conclude the comprehensive test ban in 1996. They also called on nuclear weapons states to desist from testing nuclear devices.

The foreign ministers looked forward to the fifth meeting of the Asean government heads to be held in Thailand on 14-15 December 1995. The country leaders will review developments and progress in Asean since the last summit in Singapore in 1992. The fifth summit will chart Asean's future direction towards intensifying political, economical and functional cooperation to make Asean an even more cohesive and dynamic regional grouping. The foreign ministers also requested Thailand, as the host country, to invite the leaders from Cambodia, Laos and Burma to a meeting during the summit.

The ministers reaffirmed their commitment to an early realisation of the East Asia Economic Caucus. They recognised the usefulness of more focussed discussions

on specific economic and development issues, particularly on matters that will contribute to a greater development of the East Asian region.

Communique Detailed

BK3007133495 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 30 Jul 95

[FBIS Translated Text] ASEAN's future and security and economic issues are among the six main points of a joint communique issued at the end of the 28th ASEAN ministerial meeting today.

In a joint communique issued following the meeting, the ASEAN ministers said the fifth ASEAN summit in Thailand on 14 and 15 December will chart ASEAN's future direction toward intensifying political and economic cooperation to make the group stronger and more dynamic.

In addition to the AFTA [ASEAN Free Trade Area], the EAEC [East Asian Economic Caucus] also became a main topic of discussions. The meeting was closed by Bruneian Foreign Minister Pengiran Mohamed Bolkiah.

The ASEAN ministers condemned the brutalities of Serb terrorists in Bosnia, particularly their invasion of two UN safe havens — Srebrenica and Zepa.

In the meantime, ASEAN welcomed Laos's intention to join the organization in 1997. Foreign Minister Datuk Abdullah Ahmad Badawi said ASEAN is ready to help Laos to understand ASEAN's workings and activities. Laos is also interested in join the AFTA.

[Begin Abdullah recording, in progress] ...an important decision. Laos should accordingly make all necessary preparations to take part in programs under the AFTA. All ASEAN members have agreed with the Lao intention. As an initial step, a seminar will be held in Vientiane. The AFTA-related seminar will be attended by Lao officials. Another seminar will follow in an ASEAN capital. [end recording]

Datuk Abdullah, as Malaysian representative, chaired the ASEAN- Laos meeting. During the meeting, Datuk Abdullah renewed his offer to provide training to Lao officials at the Foreign Relations Institute in Kuala Lumpur to enable Lao diplomats to establish initial contacts with ASEAN diplomats. The ASEAN Secretariat has agreed to draw up several plans to enable Lao officials to understand ASEAN's workings.

No ASEAN countries are opposed to the previous consensus on the EAEC. Foreign Minister Datuk Abdullah Badawi was speaking to Malaysian reporters in Bandar Seri Begawan.

[Begin Abdullah recording] All ASEAN ministers yesterday reaffirmed their adherence to a consensus on the EAEC, which was reached during the ASEAN ministerial meeting in Singapore. So, there are no differences in opinion on the matter and no one is opposed to the consensus. No one has expressed doubts about the EAEC because the EAEC has been accepted as a caucus within APEC [Asia-Pacific Economic Cooperation]. We will continue efforts to win support from those whom we feel to have interests in the EAEC. My colleagues told me that they usually talk about the EAEC with other countries. [end recording]

The ASEAN ministers will now focus on the second meeting of the ASEAN Regional Forum [ARF] on Tuesday following the end of the ministerial meeting. Chinese Foreign Minister Qian Qichen, U.S. Secretary of State Warren Christopher, and Russian Foreign Minister Andrey Kozyrev are among world leaders who will attend the meeting. The ARF now has 19 members, including the EU, the United States, Russia, and China. The ASEAN ministers said that ASEAN, which initiated the ARF, should remain the pillar of the security dialogue in the forum. The ARF must move at a pace comfortable to all members and create a stronger framework to achieve peace and stability in the Asia-Pacific region.

The ASEAN ministers reviewed progress in drawing up the concept of a Southeast Asian nuclear weapons-free zone. The concept will be submitted to the ASEAN summit in Bangkok for approval.

ASEAN regretted France's plan to resume nuclear tests and urged all countries that possess nuclear weapons to end such tests.

While expressing concern over developments in the Spratlys in the South China Sea, the ASEAN ministers urged all sides to settle the conflict peacefully.

Nuclear Testing Condemned

BK3007084695 Kuala Lumpur Voice of Malaysia in English 0800 GMT 30 Jul 95

[FBIS Transcribed Text] In Bandar Seri Begawan, ASEAN foreign ministers wound up their annual meeting today with a commitment to press ahead with expansion and a call to bring forward the deadline for a free trade area. The meeting went smoothly and deliberations were virtually completed last night, so a scheduled working session this morning was canceled. The steps set the group firmly on its path toward a Southeast Asia community of 10 by the turn of the century — a path that will force ASEAN to change rapidly as it embraces its neighbors and the widely divergent economic

and political regimes. Burma, Laos, and Cambodia (?are encouraged) to join the group. ASEAN also looks set to speed up the creation of what could be the world's largest free trade area by 2000.

Next week, ASEAN will hold a dialogue session with the seven dialogue partners who will be urged to be more forthcoming in their response to the grouping's concern on trade, investment, and market access issues.

Meanwhile, in a communique, the foreign ministers condemned nuclear testing in the Asia-Pacific [region] but diplomatically refrained from naming France as the key culprit. The ministers deplored the resumption or planned resumption of nuclear testing in the Asia-Pacific [region]. The document is expected to be issued at the end of the two-day meeting later today ahead of a security conference of foreign ministers from 18 countries and the European Union which will include representatives from France.

ASEAN Ministers Meeting Closes 30 Jul

BK3107115295 Hanoi VNA in English
0717 GMT 31 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 31 — ASEAN foreign ministers ended their 28th annual meeting on Sunday in Brunei after issuing a joint communique.

In the communique, the foreign ministers warmly welcomed Vietnam becoming the seventh member of ASEAN and Cambodia's signing of the friendship and cooperation treaty in Southeast Asia and becoming an observer of ASEAN.

On political and security issues, the foreign ministers expressed their satisfaction at progress obtained and affirmed ASEAN's important role in the maintenance of peace, stability and prosperity in the region. In regard to the ASEAN Regional Forum (ARF), the communique stressed ASEAN's role as the main force to develop the forum and considered ARF as a forum to exchange views and openly discuss political and security issues of mutual concern.

On regional and international issues, the foreign ministers noted with satisfaction the positive and continuous developments in ASEAN and the Asia-Pacific, and the importance of stable relations among bigger countries, expressing hope that countries in the region would continue their cooperation to maintain security and stability and ensure rapid economic growth and development.

On the East (South China) Sea, the foreign ministers called on all concerned parties to reaffirm their commitment to the principles stated in the 1992 ASEAN declaration on the East Sea, to refrain from taking ac-

tions that could destabilise the region, and to address the issue in various bilateral and multilateral forums, and affirmed their support for seminars sponsored by Indonesia.

Referring to the issues of Indochinese refugees, the foreign ministers noted with satisfaction the international community's efforts in the framework of the Comprehensive Plan of Action (CPA) signed in 1989, and called countries to grant more funds to the UN High Commissioner for Refugees to help it complete these activities.

China Spokesman: Cambodia Wants 'Stronger' China

OW3007081795 Tokyo KYODO in English
0741 GMT 30 Jul 95

[FBIS Transcribed Text] Bandar Seri Begawan, July 30 KYODO — Cambodia welcomes a "stronger" China despite anxiety among some countries in Southeast Asia over Beijing's strategic ambitions in the region, Cambodian Foreign Minister Ing Huot was quoted as saying Sunday [30 July].

"(Huot) said that Cambodia is happy to see a stronger China," Chinese Foreign Ministry spokesman Shen Guofang told reporters after talks in Brunei between Huot and Chinese Foreign Minister Qian Qichen.

"He stated that China is a very important country in Asia and in recent years China has achieved very great economic development and made great achievements," Shen said.

Huot was further said to have taken the view that a stronger China would contribute to peace and stability in the region by "making the economic trade and cultural relations between China and the Southeast Asian countries closer."

Qian, for his part, was quoted as telling Huot, "China will never interfere in the internal affairs of Cambodia and will do whatever it can to provide help and assistance to Cambodia."

Both foreign ministers are in Brunei to attend a series of ministerial meetings organized by the Association of Southeast Asian Nations.

Japan, SRV To Boost Political Dialogue

OW3107122095 Tokyo KYODO in English
1117 GMT 31 Jul 95

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Bandar Seri Begawan, July 31 KYODO — Japanese Foreign Minister Yohei Kono and Vietnamese Foreign Minister Nguyen Manh Cam

agreed Monday [31 July] that their two countries should promote high-level political dialogue, a Japanese official said.

During a 30-minute talk in a hotel in Brunei, Kono told Cam that promoting high-level political dialogue between the two countries will help boost Japanese investment in Vietnam while it will also show other countries that relations between Tokyo and Hanoi are stable, the official said.

Cam invited Kono to visit Vietnam as part of the two countries' efforts to strengthen political dialogue. Kono replied that he wants to visit when the political situation in Japan allows him to, according to the official.

Kono, who arrived in Brunei earlier in the day, welcomed recent developments involving Vietnam, including its entry into the Association of Southeast Asian Nations (ASEAN) and its normalization of ties with the United States, and said Japan wants to offer as much support as possible.

Specifically, Japan will extend financial aid to cover various expenses for Vietnam's participation in ASEAN-related conferences and will invite Vietnamese officials to the ASEAN fair to be held in Osaka this fall.

He also vowed continued Japanese efforts in extending official development assistance to Vietnam despite the slow recovery of the Japanese economy.

Cam gave high marks to Japan's support for Hanoi's entry into ASEAN and called for additional support to join other international organizations, particularly the World Trade Organization, the official said.

Referring to Kono's call for Vietnam to support Japan's candidacy in the 1996 elections to become a permanent member of the United Nations Security Council, Cam said Vietnam will consider it positively.

Kono is in Brunei through Thursday to attend annual ministerial talks involving ASEAN and its trading partners.

Japan, Indonesia Disapprove of Nuclear Testing

*OW3107141095 Tokyo KYODO in English
1315 GMT 31 Jul 95*

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Bandar Seri Begawan, July 31
KYODO — Japanese Foreign Minister Yohei Kono and

Indonesian Foreign Minister Ali Alatas on Monday [31 July] voiced strong disapproval of nuclear testing by China and France, Japanese officials said.

The comments came during 50 minutes of talks at a hotel in Brunei, where the two are attending annual ministerial talks involving the Association of Southeast Asian Nations (ASEAN).

Kono avoided naming China and France, however, by saying it is extremely regrettable that "some countries" are conducting, or have decided to resume, nuclear tests.

Alatas was quoted as saying Indonesia is very disappointed with "these countries," pointing out that nuclear testing not only has a negative impact on the environment and health but is also a problem concerning political trust.

China conducted an underground nuclear test in May while France recently announced a decision to conduct eight nuclear tests in the south Pacific starting in September.

ASEAN foreign ministers condemned the resumption of nuclear tests in a joint communique issued Sunday.

Turning to the proposed East Asia Economic Caucus (EAEC), Kono told Alatas that Japan is still considering whether to join, the officials said.

He called for further efforts to gain understanding on the plan, pointing out that the EAEC has still not won "blessings" by related countries.

The EAEC was proposed in 1990 by Malaysian Prime Minister Mahathir Mohamad as a loose economic caucus for east Asian countries. But the United States opposes the plan as being a trade bloc.

On a first Asia-Europe summit meeting planned for next year, Alatas suggested that it be kept small and then expand the number of participants from a second meeting "to avoid confusion," the official said.

Kono replied that Japan wants further discussions on the possible participants, they said.

Japan has been insisting on including Australia and New Zealand as members in the meeting.

Japan

Fuji Denies Kodak's Market Access Allegations

OW3107103995 Tokyo KYODO in English
1014 GMT 31 Jul 95

[FBIS Transcribed Text] Tokyo, July 31 KYODO — Fuji Photo Film Co. acknowledged Monday [31 July] it provides rebates to Japan's four primary photography product wholesalers but denied the scheme motivates the four to boycott products of its rival Eastman Kodak Co. of the United States.

The four major wholesalers — Asanuma, Kashimura, Misuzu and Omiya — control 70 percent of the photography product market and handle Fuji Photo products exclusively.

Fuji Film President Minoru Onishi told a news conference at the company's Tokyo headquarters, "Kodak's allegation that my company controls the distribution system by taking advantage of a progressively higher rebate rate system is not factual."

"Fuji's rebate system is designed to respond flexibly to changes in prices (of photo film) or to promote sales of new products or certain products, and the rates of such rebates stand at less than 3 percent," Onishi said.

He also denied Kodak allegations that Fuji Photo has instructed retailers to keep retail prices artificially high in return for the rebates.

Eastman Kodak lodged an official complaint against Fuji Photo with the U.S. Trade Representative [USTR] office, which in turn has launched a one-year investigation.

If USTR investigators recognize the verity of the allegations, the U.S. administration of President Bill Clinton could start procedures to slap trade sanctions on selected Japanese products.

Takeshi Tanaka, deputy chief of Fuji's legal affairs division, also told the news conference, "we are still providing to our four tokuyakuten (special contract companies) rebates whose rate now stands at 2 percent" of the sales value of each such contract firm.

The word "tokuyakuten" refers to Fuji's four primary supply wholesalers through which all Fuji film destined for the domestic market is sold. The four in turn sell Fuji film direct to some large retailers and photo processing laboratories, and to secondary wholesalers.

Until 1990, when Fuji simplified its rebate system to both wholesalers and retailers, Fuji had provided rebates ranging from 1.3 to 2.7 percent of the yearly sales value of each special contract company, Tanaka said.

Although Fuji Film had provided to retailers rebates in nine brackets whose rates ranged from 1.2 to 3 percent until 1990, it stopped providing such rebates to retailers in 1990, he said.

"Our rebate system which we ran until 1990 did not have the effect of leading retailers to boycott (Kodak products) because each bracket of a rebate rate added less than 0.3 percent as sales volume went up for a certain degree," he said.

Kodak says such rebates to retailers are still paid and that retailers are being forced to halt or limit the availability of Kodak products for fear Fuji may stop paying such rebates which it says helps many retailers to break even or manage to remain profitable.

Fuji denies Kodak allegations that it has motivated retailers and wholesalers to concentrate sales efforts on Fuji products through an alleged rebate system where no rebates are paid unless a wholesaler or retailer attains a certain Fuji-set sales volume target.

Tutomu Nakato, a lawyer for Fuji Photo, said, "suppose a retailer is seeking to attain a target of 30,000 film rolls to receive a 3 percent rebate. Even if the retailer could only sell 28,000 film rolls, Fuji still used to pay rebates of 2.7 or 2.8 percent and its rebate payment never became nil" even if the target is not attained.

Tokyo Pressured To Buy More U.S. FSX Parts

OW2907091495 Tokyo KYODO in English
0816 GMT 29 Jul 95

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Japan has come under U.S. pressure to increase acquisition of American parts for its next support fighter now undergoing joint development as the yen's recent rapid rise has destroyed a cost-sharing accord, defense sources said Saturday [29 July].

The agreement reached between the two countries in 1989 calls for Japanese firms to share 60 percent of the cost of development and the U.S. side 40 percent.

The U.S. share, however, has dropped in effect as the yen's steep appreciation has made U.S.-made components less expensive, the sources said.

Japan's Air Self-Defense Force (ASDF) plans to start deploying the new fighter, codenamed the FSX, in fiscal 1996 as a substitute for the outmoded F1 made in Japan.

About 10 FSX fighters will be acquired by the ASDF in the initial year, the sources said.

The sources said Japan plans to pave the way for settlement of the issue when U.S. President Bill Clinton pays an official visit to Japan in November.

They said the Defense Agency may offer to lift the U.S. share to about 40 percent by increasing acquisition of spare parts and auxiliary equipment from American makers.

The development cost, originally estimated at about 5 billion yen each, has more than doubled to about 12 billion yen because of rising prices, though the FSX price will decline to about 8 billion yen when mass production begins, the sources said.

The Defense Agency is concerned that the U.S. pressure may develop into a new source of friction between the two countries, they said.

The FSX project has become a major source of income for Japanese aircraft makers amid growing moves to curb the nation's defense spending in the post-Cold War era.

Tokyo To Bear U.S. Navy's Transport Costs

*OW3107020995 Tokyo KYODO in English
0125 GMT 31 Jul 95*

[FBIS Transcribed Text] Tokyo, July 31 KYODO — Seeking a way to reduce the number of night landing practices by U.S. Navy aircraft at the Atsugi Naval Air Base, the Foreign Ministry and the Defense Agency have agreed to shoulder the costs for the aircraft to fly from Atsugi to Iwo Jima Island, government sources said Monday [31 July].

The Japanese Government plans to bear the transport costs for the U.S. Navy beginning in fiscal 1996 if the Diet approves the new policy, the sources said.

Night landing practices at Atsugi Base, in Kanagawa Prefecture near Tokyo, has posed a serious noise problem for the city of Atsugi.

Although the Defense Agency has repeatedly asked the U.S. Forces in Japan to transfer the site of night landing practices from Atsugi to Iwo Jima, the U.S. side declined the request, citing the extra fuel costs for carrier-based planes to fly to the remote western Pacific island from Atsugi, the sources added.

The sources said they expect the number of night landing practices at Atsugi Base to decrease drastically with the new policy of shouldering flight costs from Atsugi to Iwo Jima, some 1,200 kilometers south of Atsugi Base.

The flight costs for night landing practices in Iwo Jima will be several hundred million yen per year, the sources added.

Night landing practices in Iwo Jima started in 1991. The defense facilities administration agency has so far

spent some 17.4 billion yen in building accommodation facilities and fuel tanks.

Lack of U.S. Effort at Paper Talks Noted

*OW3007104995 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 29 Jul 95 Morning Edition p 5*

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] and the U.S. Trade Representative's (USTR) Office held a follow-up meeting of division-chief-level officials in Tokyo on 28 July based on the 1992 Japan-U.S. agreement that calls for expansion of Japan's imports of paper products. The U.S. expressed dissatisfaction with the declining share of U.S. paper products on the Japanese market, demanding that Japan take additional steps to increase market access for U.S. products. Meanwhile, the Japanese maintained that Japan "has taken measures based on the agreement and that the cause of the decline in the U.S. share is the lack of U.S. efforts." The discussion went in parallel during the meeting.

In October 1994, the United States designated the Japanese paper market as an item subject to watch based on the 1974 Trade Act's Section 301 (on retaliatory actions against trade partners' unfair practices). Japan has demanded recall of the U.S. decision, saying that the "one-sided action is regrettable."

Japan's imports of printing paper and paperboard, subject to the 1992 agreement, drastically increased in FY 1993 by 14 percent from the previous year, and increased in FY 1994 by 12 percent from the previous year. However, its imports from the United States slightly decreased in both fiscal years. The imports also decreased in April and May in 1995.

Federal Express' Delay in New Routes Criticized

*OW3007104895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 29 Jul 95 Morning Edition p 5*

[FBIS Translated Text] It was revealed on 28 July that major U.S. cargo carrier Federal Express Corporation [FedEx] had petitioned the Ministry of Transport [MOT] to approve its decision to postpone opening five out of seven routes approved at the Japan-U.S. civil aviation talks held last weekend. They will connect the United States and Asian countries via Japan. According to the FedEx letter of request submitted to change its plan, the FedEx is unlikely to start its service before mid-August. In view of the fact that the Japan-U.S. talks were opened by the FedEx's strong demand for new routes, the MOT and Japan Airlines Co. reacted to this decision.

The following are the FedEx's new routes: via Tokyo to Subic (Philippines); via Osaka, Subic; via Tokyo, Kuala

Lumpur; via Osaka, Kuala Lumpur; via Osaka, Singapore; via Osaka, Penang; and via Osaka, Kaohsiung (Taiwan). When those routes were approved, the FedEx had already changed the schedule of extending its services to Subic from the originally scheduled early August to 4 September. Concerning the other five routes, it had planned to begin operations on 23 July.

However, the FedEx requested changes twice this week, claiming that "it needs to deal with changes in cargo demands." Although it has not revealed further details, the FedEx is likely to also shelve launching services of five routes until early August.

Some people believe that the FedEx is planning to open all seven routes on 4 September, the day Subic Airport will open as an Asian hub. At the recent aviation talks, however, an FedEx senior official said: "To open seven routes is our vested right. We will start services immediately after the Japanese Government approves them."

Japanese organizations concerned are perplexed with the FedEx's decision. For example, a top official of a Japanese carrier said: "The talks were commenced at the FedEx's demands. We feel that we danced to its tune."

ANA President Seeks New Osaka-U.S. Routes

OW3007140295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Jul 95 morning edition p 11

[FBIS Translated Text] At a press conference on 27 July, All Nippon Airlines [ANA] president Seiji Fukatsu announced: "ANA would like to open a route from Osaka to Honolulu and New York," expressing the hope that Japan-U.S. aviation talks to discuss passenger service will begin soon.

Asked about revenue sources for the seventh airport maintenance five-year plan that is under consideration by the Ministry of Transport, Fukatsu said: "We would like to see general revenues increased as much as possible."

On expanding its U.S. routes from Osaka International Airport, Fukatsu said: "ANA is also studying plans that include a joint service with Delta Airlines of the United States (with whom it is working to establish a comprehensive partnership)." Japan-U.S. negotiations on passenger services will have to be held to agree such plans.

Fukatsu added that when talks resume in September they "should not be limited to the cargo sector, but cover every aspect of the imbalance between Japanese and U.S. aviation interests, including passenger services."

On the issue of airport maintenance, Fukatsu said: "We would like to see the maintenance of airports in the capital, Kansai and Chubu regions expedited. We would also like to see a solution to the revenue problem, which is becoming a bottleneck."

He also remarked that Japan has the highest airport user fees in the world.

"We should undertake reforms to bring our airport user fees into line with those of other countries," he said.

Group To Study Patent Right Protection

OW3007115295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jul 95 Morning Edition p 7

[Unattributed article: "Measures To Counter the Abuse of Patent Rights Being Studied"]

[FBIS Translated Text] The Patent Office will study ways of preventing the abuse of patent rights in response to problems arising from a prohibition against parallel importation [of patented products], which is seen as a reason for infringement of patent rights. The office recently formed a study group composed of academicians and businessmen to discuss the issue. Patent rights grant monopolistic selling to guarantee the patent holder's profits. However, if patent rights are abused and used to impede parallel importation, then it is feared the difference between domestic and foreign prices will be preserved.

The study group has been designated the "Parallel Importation Problem Working Group." Tokyo University Professor S. Nakayama, who is an expert on Japanese property rights, will serve as head of the group, whose members will include 10 professors, assistant professors, and lawyers.

To protect the developer's profits, "parallel importation of patented products is not legal" is a popular international opinion. However, in an intermediate appeal hearing of a lawsuit by German automobile part maker BBS against Japanese parallel importers over patent right infringement, in March 1995, the Tokyo High Court overturned this popular idea and ruled that "parallel importation of patented products is legal."

The U.S. Government responded to this ruling at a working-level meeting of patent administration officials by countering: "A ruling that abandons the protection of patent rights is unacceptable." Just what impact the high court ruling will have is now being keenly awaited by the United States and Europe.

The working group has set a goal of putting together an information paper by October based on its fact-finding investigation. The Patent Office will review the paper

and solidify the subsequent direction of its investigation. The Patent Office's intent is that it would like to lay down a line such that its efforts to protect patent rights do not lead to their abuse, but must also take into consideration international public opinion. The office is faced with a difficult decision.

Banks 'Uneasy' About WTO Financial Accord

OW3007115095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Jul 95 Morning Edition p 7

[FBIS Translated Text] The World Trade Organization (WTO) financial service talks, which had been stalled as a result of the United States walking out, came to a de-facto settlement on 26 July as the Japanese Government accepted a temporary agreement to which the United States is not a party. The United States has not eliminated the possibility of exercising unilateral sanctions, and Japanese banks feel uneasy. The Japanese Government (Finance Ministry) said it "will continue to make efforts to persuade the United States to return to the talks before the temporary agreement expires," but apparently its choice was a difficult one that can sow a "seed of trouble" for economic friction in the financial sector — like the ones over automobiles and film.

The purpose of the WTO's talks on financial services is to adopt the most-favored-nation [MFN] principle under which any bilateral market-opening measures in financial services will apply equally to other WTO members. In particular, as far as Japan and the European Union (EU) are concerned, there was the intent of putting the biggest financial nation, the United States, under a framework of the multinational agreement, which would make it difficult for it to resort to unilateral sanctions.

However, the United States walked out of the talks at the end of June, declaring that developing countries' markets are not open enough and that it supports bilateralism, which means different treatment of countries depending on the degree of their market liberalization.

Thereupon, the EU proposed WTO nations adopt a temporary agreement — without the United States — that will be effective until the end of 1997. However, Japan thought "such an accord would restrict the countries' means of retaliation in case the United States goes for sanctions," and continued negotiations to draw out from the United States word that it would not resort to sanctions and that it would grant MFN treatment to Japan.

What helped Japan decide to accept the temporary agreement was President Clinton's personal letter delivered to Prime Minister Murayama on the morning of 26 July. In the letter, the U.S. Government informed it wants to maintain the mutual MFN treatment principle

as agreed in the Japan-U.S. economic frameworks talks in January.

In the letter, the U.S. Government also declared it "will not return to negotiations." The Japanese Government has thus decided that the United States would not yield even if the negotiations continued. Besides, the deadline for the negotiations was to expire 28 July, and there was the possibility that if Japan persisted in delaying making a decision, it would become isolated from the international community, which wants an early agreement. That appears to have been why Japan has come to accept the agreement.

However, it is also true that in the United States there are people who think Japan's market liberalization is not good enough, noting that foreign investment consulting companies are having difficulty getting access to Japan's public pension funds market and that Japan's major securities firms are monopolizing corporate bond underwriting. Meanwhile, in the U.S. Congress, the financial retaliation bill that was scrapped last fall is back on the floor, and deliberations on it can resume.

The U.S. President's letter might have assured the United States will abide by the MFN principle, but Japanese banking institutions are still afraid, saying: "There is no guarantee that the United States will not impose sanctions." Given the situation, the Japanese Government wants to work on Asian nations to open up their financial markets and to create conditions to assure complete U.S. acceptance of the mutual MFN principle at an early date.

Guidelines for Transfer Pricing Tax Set

OW2707235295 Tokyo KYODO in English 2311 GMT 27 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — The Organization for Economic Cooperation and Development (OECD) on Thursday [27 July] released a new set of guidelines for enforcement of transfer-price taxation used by member states as a means to prevent tax evasion by multinational corporations.

The OECD said the new rules are intended to eliminate tax disputes among member nations, especially the United States and other OECD members, by imposing stricter conditions on the use of the U.S. transfer pricing tax, which has been under fire as it places excessively heavy burdens on foreign firms operating in the U.S.

Transfer-price taxation is designed to prevent tax evasion by multinational companies through manipulation of transfer prices between parent companies and their overseas subsidiaries.

If a parent company overcharges its overseas unit in supplying parts and products, it would squeeze the subsidiary's profit and consequent tax payments to the unit's host country.

Under the current rules adopted by OECD members, transfer prices among affiliated companies are based on prices set for transactions with third parties.

But the U.S. Internal Revenue Service introduced in January 1993 a different taxation method that would put greater burdens on U.S. units of foreign companies.

The U.S. regulation seeks to calculate the taxable income of a foreign-affiliated company by using as a reference the average profit rate of U.S. companies doing similar business.

The method would even impose taxes on U.S. units of foreign companies which fall into the red in just starting up their operations in the U.S., leading to disputes between their home country and the U.S.

The new guidelines announced by the OECD will give priority to the existing OECD methods and limit the application of the U.S. formula to transactions of specific products as a last resort.

The guidelines also call for a supervisory mechanism by OECD members although the rules are not binding, the OECD said.

An official at Japan's most powerful business lobby, the Federation of Economic Organizations (Keidanren), expressed appreciation of the new guidelines as a major blow to the application of the U.S. method in the OECD community.

Hashimoto's Handling of Auto Talks Criticized

952B0201A Tokyo THIS IS YOMIURI in Japanese
Jul 95 pp 128-131

[Article by Taro Yayama]

[FBIS Translated Text] The Japan-U.S. automobile and auto parts negotiations broke down. This time it was because Trade Minister Ryutaro Hashimoto refused the request by USTR (U.S. Trade Representative) Kantor to "specify purchasing targets concerning automobiles and auto parts," saying "the Japanese Government cannot intervene in the purchases of private firms."

Since the Doko Special Administrative Investigative Board which started in 1981, the Japanese Government's policy has advanced in the direction of abolishing administrative guidance and toward allowing firms as much freedom as possible. Amid this trend, it is unreasonable for the U.S. Government to insist on the

government's exercising influence on private firms to purchase parts and to specify numerical targets.

However, although the reaction of Japan's automobile industry and the mass media concerning Trade Minister Hashimoto's refusal of the U.S. side's demand was uniformly that "it is unavoidable since it is only reasonable," was this conclusion really wise? Questions remain on two points.

One point is that due to the breakdown, there is a fear that the strong yen is likely to accelerate. If the yen becomes even stronger, automakers who had expressed a feeling of welcoming the breakdown in talks, will receive a considerable blow. Concerning the rapidly rising yen, Prime Minister Murayama et al are saying that it is "speculative," "it does not reflect the fundamentals," etc.

However, what the speculators are watching is Japan's current account surplus that incessantly amounts to 130 billion dollars each year. The view of the United States and Europe is that the reason that only Japan accumulates an enormous surplus is that Japan's markets are not open enough. That is why they focus their attention on Japan's deregulation and market-opening strategies, but absolutely no progress is made. A look at the government's "Emergency Countermeasures for the Strong Yen" published on 14 April reveals that the reason for stepped-up yen buying is that the three-year deregulation plan was devoid of content.

The world balance of trade must be equalized somewhere. That being the case, the only means remaining for the United States and Europe is to urge Japan to use the strong yen to increase imports while simultaneously decreasing exports. The reason speculators are all buying yen without fear is that, in addition to Japan's current account balance's showing no sign of decreasing, the Japanese Government is neglecting deregulation.

The breakdown in the automobile negotiations will probably be taken as one piece of evidence that, as usual, the Japanese Government has not embarked on any effective market-opening policy.

The second question is whether Japan's automobile and auto parts markets are really fair.

The deficit with Japan in 1994 was 65.669 billion dollars, and about 60 percent of that consists of automobiles. In order for the United States to significantly cut its enormous surplus with Japan, it is quicker just to turn the balance of trade in the automobile field in its favor. This is probably the reason that the U.S. side is so strongly requesting numerical targets this time. In particular, the rate of penetration of foreign-made parts into the auto parts market is extremely low in Japan.

In contrast to the rate of parts imports in England at 60 percent; France, 40 percent; the United States, 33 percent; Germany, 25 percent; and Italy, 16 percent; in Japan it is a mere 2.4 percent.

If there were no manufacturer Keiretsu, if regulations were relaxed, and if the distribution sector were free, the import of parts from foreign countries should increase rapidly with such a strong yen. The reason that does not happen is intimately related to Japan's vehicle inspection system.

Vehicle Inspection Fees Highest in World

Japan's vehicle inspection expenses are the world's highest. Because the Vehicle Law that prescribed vehicle inspections was enacted in 1951 during the jolopy era, disassembly service became mandatory each time vehicles were inspected. For this reason, the expense of a single vehicle inspection, before taxes, runs as high as 67,000 yen (according to a Transportation Ministry study), which is outrageous compared to Germany's 5,000 to 9,000 yen, and the U.S.'s 1,000 yen (about 10 dollars). Moreover, because vehicles will not pass inspection unless "genuine parts" are used, the service shops always use genuine parts. This means that for Toyota cars, Toyota parts are used. With this sort of mechanism in place, there is no space for an influx of foreign parts.

It is commonplace for inspection of foreign vehicles to run as high as 300,000 yen, and occasionally 500,000 yen. This is due to the fact that the customer makes a request to the dealer, who then takes the car to the service facility which, on top of performing disassembly service, replaces parts indiscriminately. Consequently, the high cost of vehicle upkeep impedes the popularization of foreign cars.

Among Americans, shock absorbers are parts that no one would think twice about replacing. It is a part with which the movement of the car can be adjusted to suit one's preferences. To replace this part in Japan, however, it would mean replacement of a safety part. The term "safety parts" refers to all moving parts, such as clutches, brakes, etc. Anywhere else but Japan, all that would be required is the part price plus the labor fee for replacement, but in Japan, it takes up to 100,000 yen in extra fees as a result of disassembly service being made mandatory.

It is incomprehensible that at the time of disassembly servicing, the automobile weight tax that had previously been paid is offset, and for the Crown class of car, another two years' worth, or 37,000 yen, of weight tax must be paid. At this rate, there is no one who would be willing to replace these safety parts.

Countermeasures Will Benefit the People

After the negotiations broke down, Trade Minister Hashimoto said, "with respect to maintenance parts, although we set forth the countermeasures of 1) reducing critical safety parts, 2) relaxation of inspection of structural changes, etc., 3) maintenance projects specialized in specified parts, they did not think much of it." In fact, the situation at the end of last year was that a secret agreement was reached among government officials of Japan and the United States, but Mr. Hashimoto himself threw a monkey wrench into those talks. As a negotiating technique, ruining the prospects of an agreement only to subsequently use it as material for negotiations is worse than bad. In the first place, even without being told by the United States, the government should take the lead in these types of countermeasures for the benefit of the nation.

There are no other countries that make disassembly service mandatory. Nevertheless, the reason that Mr. Hashimoto does not talk about abolishing this practice is because there is pressure from the service shops.

In Japan there is a total of 63,000 service shops, consisting of certified shops and designated shops. These shops joined together to form the Japan Automobile Service Federation (Nisseiren), which has become a support entity of the LDP. Total sales of this industry in 1993 totalled 6.28 trillion yen, of which services accompanying vehicles and regular inspections comprise 45 percent.

Only in Japan has what could be termed a "vehicle inspection industry" come into being because demand exists for service even without accidents and breakdowns. If the obligation of disassembly service were to be removed, it is certain that vehicle inspection expenses would become 50,000 to 60,000 yen cheaper than they are now. Because 18 million vehicles receive inspections each year, this would lessen the annual burden on consumers by roughly one trillion yen. Although a drastic reform and simplification of the vehicle inspection system is a national issue, because Transportation Ministry bureaucrats assume prestigious posts at the Nisseiren and, moreover, as a result of LDP zoku [a group of Diet members who exercise policymaking expertise in a particular field acquired through service in the appropriate party policy deliberation committee] dietmen's receiving money and votes from that organization, simplification attempts have always ended in failure.

Trade Minister Hashimoto has long been saying that "I will not abolish regulations that concern safety." Although there are numerous Diet members in the LDP who think the same way, vehicle inspections are analogous to fraud cloaked in the name of safety. While there are some Diet members who contend that "thanks

to the strictness of our vehicle inspection system, there are very few breakdowns due to inadequate service in Japan," there are absolutely no figures to prove that assertion. The Transportation Ministry bureaucrats are just saying that, pressed as they are to return favors.

Mr. Hashimoto has long characterized himself as a "reformer" but I am not aware of any case in which Mr. Hashimoto has taken the initiative in implementing reform or deregulation. Although cartels of cosmetics and medicines encompassing 28 items are recognized by the resale price maintenance system, there are no other advanced industrialized countries that recognize this. It is said that when the FTC [Fair Trade Commission] attempted to abolish these cartels, Mr. Hashimoto bawled FTC officials out and stopped the move for abolishment.

In 1993, when the third administrative reform council requested hearings to related agencies and ministries for the purpose of consolidation and rationalization of special corporations, Mr. Hashimoto induced government agencies and ministries to boycott the hearings. In addition, he made the LDP policy research council subcommittees resolve to, in effect, "support the position of Ministry XYZ that did not respond to the hearings."

With the revision of the special corporations, Finance Minister Takemura became furious and left his seat, saying "there was no advance consultation" when the integration of the People's Finance Corporation and the Small Business Finance Corporation was brought up. This is known as the territorial mentality. Although Mr. Hashimoto and the rest will probably claim that the national interest was served concerning the recent breakdown in negotiations, the roots of the ills that plague Japan's politics, where individuals lacking broad vision occupy pivotal positions, are deep indeed.

Kono on Asia-Pacific Regional Cooperation Forum
OW3007103995 Tokyo ASAHI SHIMBUN NEWS
CONFERENCE REPORT in Japanese
0829 GMT 28 Jul 95

[Speech by Foreign Minister Yohei Kono at the Japan National Press Club on the afternoon of 28 July]

[FBIS Translated Excerpts] [Introductory remarks omitted] When I compare the situation today with that of 30 years ago when the ASEAN was established, I cannot help but feel I am living in a quite different age. Unstable factors remain in the Asia-Pacific region, but the degree of political stability in the region is becoming greater, as symbolized by such bright events as the settlement of the Cambodian conflict, the recent normalization of diplomatic relations between the SRV and the United States, and the SRV's membership of the ASEAN forum. Trade and investment in the region have

grown rapidly, and a multilateral relationship of mutual reliance has progressed dynamically. Meanwhile, the broad diversity of political systems among developing countries, and their cultural and ethnic compositions that are characteristic of this region, remain intact. The future of China is an important matter for the region. It is desired that China will continue to promote its policy of reform and opening up and participate more actively in efforts toward building prosperity and stability in the region.

In such circumstances, regional cooperation through such venues as the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Regional Forum (ARF) will help strengthen mutual trust among countries in the region and be extremely beneficial to fostering a sense of community.

In promoting such efforts toward regional cooperation, Japan, for its part, must clarify what it intends to do. I believe Japan should provide support for democratic development in the Asia-Pacific region and at the same time aim to become a country that is essential to the region's stability. Currently, what must inevitably be carried out in our country is the implementation of deregulation and a fuller utilization of the private sector's vitality. In Asia-Pacific countries, too, people are deepening their understanding that their own efforts at market liberalization and deregulation lead to further economic development. Individual creativity and ingenuity and a broad interchange of such are becoming the foundations for building a vigorous society. In Japan, as well as in the Asia-Pacific region, the tide is definitely turning toward building a society that is freer, more open, creative, and democratic. We intend to make efforts so that such movement will become implanted.

Our country should also contribute to ensure stability in the Asia-Pacific region. The people of countries in the Asia-Pacific region who seek prosperity in a free and democratic society are also seeking peace and stability as the basis for such prosperity. Our country has maintained its three non-nuclear principles and the basic policy that it will never become a military super power. At the same time, Japan has contributed to maintaining stability in the region in the post-Cold War era by firmly supporting, via the Japanese-U.S. security arrangement, a U.S. presence which is essential to the region's stability. We can say that the time has arrived for our country to play a more active role in supporting efforts to maintain stability in the Asia-Pacific region.

Now that I have clarified our country's basic stance, I would like to explain next on what principles we intend to base our plans to promote Asia-Pacific regional cooperation.

We have heard in some quarters recently arguments that go to such extremes as questioning whether "Japan will choose Asia or the United States." I feel such arguments that allow only one alternative are completely irrelevant, considering the reality of regional cooperation that is currently being promoted in the Asia-Pacific region and the course such cooperation should take. It may be said that for prosperity and stability in the region, cooperation among Asian countries is a prime prerequisite, and U.S. participation is indispensable. I believe that Japan, for its part, should calmly look at its position and take on the issue of regional cooperation in the Asia-Pacific area in the future on the basis of three principles.

The first is the idea of further deepening total regional cooperation. In other words, total regional cooperation, as exemplified in the APEC forum, should be further deepened on the basis of a clear perception that strengthening the relationship of mutual reliance among countries in the entire region will lead to prosperity for Japan.

The second principle is to make comprehensive and multifarious use of various frameworks for cooperation that exist in the region. I think we must pay heed to the characteristics and the stage of development of each country and territory in the region, make flexible use of various frameworks for dialogue and cooperation that exist in the region, and combine these to enhance the unity of the entire region and bring it stability and prosperity.

The third principle is the idea of a cooperative relationship that is open to countries outside the region. That is, Asia-Pacific regional cooperation should be a relationship that conforms with and reinforces global principles and frameworks such as the United Nations and the World Trade Organization (WTO).

I believe that under these three principles, it will be possible to ensure that regional cooperation in the Asia-Pacific area will make sound development without error. On the basis of these principles, it is clear that frameworks such as the APEC forum and the ARF, which include the whole region, should be placed at the center. New venues under these frameworks for consultations among countries which share common interests and concerns should be utilized if they complement cooperative relations in the entire region and guide these relations in favorable directions. However, we should not participate in groupings that could possibly impair cooperative relations in the entire region. Under these principles, it may be necessary to conduct debate among concerned countries in the region on such issues as facilitating and liberalizing trade and investment among APEC forum member countries, development and economic cooperation, environment

and energy problems within the region, or procedures for conducting dialogue with Europe and other countries outside the region.

As far as a proposed meeting of Asian and European countries next year is concerned, I believe one of the possible arrangements for the group of Asian countries participating in this meeting is the inclusion of Australia and New Zealand, which have deepened their relationships of mutual reliance with ASEAN member countries, Japan, China, the ROK, and East Asian countries and have a strong sense of awareness as members of the Asia-Pacific region.

In what areas should the Asia-Pacific nations strengthen their cooperation next? I would list five areas. They are the APEC forum; cooperation on security; arms control, demilitarization, and nonproliferation [of nuclear weapons]; economic cooperation; and intellectual exchanges.

As far as strengthening APEC is concerned, Japan is expected, as the host nation at the 1996 APEC meeting, to give a concrete form to the leaders' political intentions, which were explained at Seattle and Bogor, by November, when the Osaka meeting will be held. Japan will get down to the task of mapping out a meaningful "action plan" for realization of the objectives spelled out in the Bogor Declaration. At the same time, we will make APEC's actions reliable by incorporating the outcomes — including the plans Japan and each APEC member nation agreed to implement before their scheduled implementation date — of "initial measures." In this way we will display further leadership as an APEC host nation.

It is believed that preparation of a meaningful "action plan" will have the following major effects.

The first is that it will become APEC's first mid and long-term, comprehensive and concrete action plan.

Secondly, I make the point that the APEC member nations will try, without relying on negotiations, to agree on taking cooperative and joint action, based on their independence, over the issue of liberalizing and smoothly implementing trade and investment, on which public attention is centered. As I said earlier, this is a new method, which reflects the understanding that voluntary market liberalization and deregulation in the Asia-Pacific region will bring about further economic development. It also reflects the view that effort aimed at regional cooperation in line with the multilateral and free trade system, which is open to the world, will contribute to the prosperity in this region. It can be said this is designed to show to the world a unique "Asia-

Pacific method," which is different from other traditional agreements on regional unification.

Likewise, we must secure peace and security in the region in order to smoothly promote economic cooperation in the Asia-Pacific region with APEC playing a central role.

First, I believe the Japan-U.S. security system and the presence of the United States will continue to play a very important role in peace and stability in the Asia-Pacific region. Japan, therefore, will continue and substantiate recipient nation support for U.S. Forces in Japan. At the same time, we will actively study the issue of constructing a more effective cooperative system between Japan and the United States.

Moreover, I think it is very important for security in the region to stabilize relations between the major countries. The United States, China, Russia, and Japan must play their part in working for the stability and development of the region.

At the same time, we must strengthen various networks that promote dialogue and cooperation, including such with the ARF and Northeast Asia, to boost mutual understanding and a sense of security among countries in the Asia-Pacific region. In this regard, Japan, in cooperation with ASEAN member nations, would like to hold government-level meetings, attended by the diplomatic and defense authorities of ARF member nations, to study concrete ways to form trust among the Asia-Pacific nations. I will, therefore, call on other countries in the ARF, which meet on 1 August, to hold such meetings.

Moreover, we must buckle down to the issues of armament control, demilitarization, and nonproliferation of nuclear weapons for peace and stability in the Asia-Pacific. We have to avoid a situation in which each nation's economic expansion is linked to the arms race. In addition, abandoned land mines in Cambodia are becoming a humanitarian issue and a major obstacle to postwar restoration and development. Japan is determined to contribute as much as it can in such areas as removal of the land mines. Furthermore, North Korea's nuclear weapons development is a major pending issue for security in this region. In cooperation with the United States and the ROK, Japan has been giving major support to the establishment of the Korean Peninsula Energy Development Organization (KEDO). With cooperation from other countries, KEDO is about to start full-fledged activities. Japan has already sent an assistant director general to KEDO. However, Japan plans to dispatch more personnel to KEDO and, at the same time, make meaningful financial contributions toward the successful conclusion of the light water reactor

project. Moreover, we are very concerned about nuclear tests by China and France. This is a movement that may damage our reliance on the nuclear nonproliferation system. Japan plans to actively take up this issue at the ARF and the United Nations. We will appropriately deal with the issue.

Since the end of the Cold War era, the world has been promoting full-scale disarmament activity. Nevertheless, I am sorry to say that Japan has an acute shortage of people who can take part in the arms control and disarmament issues. We must strengthen our domestic system. I would like, in future, to promote work aimed at improving the system so that we can sort out and collect expert knowledge, investigate technologies, and, furthermore, launch public relations projects to develop people's awareness at home and abroad.

Moreover, as a part of Japan's contribution to the development of the Asia-Pacific region, we would like to continue promoting economic cooperation and the enhancement of people's vital power in this region. When we do that, we attach importance to the "individual approach," designed to implement carefully-thought-out cooperation depending on stage of development of each country, and the "comprehensive approach" — designed to organically use public funds, including the Export and Import Bank's loans in addition to the official development assistance (ODA) — for the activation of private economic activities in developing countries. Also, some countries in the Asia-Pacific region are becoming aid-providers. While supporting these countries, Japan, as their partner, plans to promote "south-south cooperative support" to help countries who need aid more than other countries.

Moreover, economic liberalization and democratic reform are two parts of medium and long-term stability and development. In accordance with various principles of the ODA outline, Japan clearly declared at home and abroad that it would persistently seek, through the ODA, the fundamental sense of values and systems called democracy and the market economy. As a result of this, we have been organizing seminars on democratization for leaders of the developing countries. In addition, we have also been cooperating with these countries to improve their election systems and give them support for the introduction of a market economy. We will effectively provide support in such new areas and further expand our intellectual support for nation-building among the developing countries. To be concrete, we will dispatch highly skilled advisers to support the developing countries map out important policy measures. We will also actively support them so that they can form organic [as published] and effective "systems for introduction of market economy and for democratic reform"

in wide ranging areas. [passage promoting intellectual exchanges, conclusion omitted]

Tokyo Wants 'Visible but Modest' Role in ARF

OW2907041595 Tokyo KYODO in English
0101 GMT 29 Jul 95

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] TOKYO, July 29 Kyodo — Taking just a little pride in initiating a move to promote dialogue in Asia but well aware of lingering suspicion in the region over its potential revival as a military threat, Japan plans to play a "visible but modest" role in the upcoming Asian regional security forum.

The Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) in Brunei next Tuesday convenes with "good timing," as Vietnam makes its historic entry into ASEAN and as Myanmar's [Burma] military junta has recently released dissident leader Aung San Suu Kyi after six years of house arrest, Japanese Foreign Ministry officials say.

Cambodia will also join the ARF this year as a new member, bringing the total number of participating members to 19. But the forum will also take place at a time when relations between the United States and China remain chilly and as criticism is mounting against the French decision to resume nuclear testing in the South Pacific from September.

"The context of the discussions this time is going to be different than before," says Jonathan Pollack, senior adviser for international policy at California-based think tank RAND Corp.

"There are overt military tensions in Southeast Asia that did not exist or did not exist in as clear-cut a fashion a year ago concerning the South China Sea, he said. "Secondly, Vietnam's entry into ASEAN will give a somewhat different flavor."

Japanese officials say Japan wants the ARF meeting in Brunei to discuss specific agenda items this time.

"Last year's ARF was sort of like a get-to-know-each-other gathering because it was the first security meeting ever in the region. But this year, we have to start discussing specifics," a top ministry official said.

So when Foreign Minister Yohei Kono attends the regional security forum in Brunei, he will bring specific issues to the ARF discussion table.

Kono is expected to take the initiative in voicing protests against Chinese and French nuclear testing programs. Australia and New Zealand have also expressed strong displeasure over the French decision to conduct

eight nuclear experiments in the South Pacific between September and May of next year.

"I am most concerned about the issue of nuclear testing by China and France, and I fear that this could easily have a very detrimental impact on the nonproliferation regimes' credibility," Kono said in a recent speech. "I intend to take the issue up vigorously at the ARF, the United Nations, and other forums and to act in an appropriate manner."

The Japanese foreign minister told a press conference, however, that he does not know how the chairman's statement to be issued at the end of the discussions will refer to the nuclear testing issue, since China will be present at the meeting.

As part of Japan's efforts to increase mutual trust among the ARF members, Kono will propose that Japan co-chair with Indonesia a working-level governmental group to discuss confidence-building measures in the region and hold a first meeting of the body in Japan, according to ministry officials.

Japan hopes such a meeting will eventually create an atmosphere whereby the members feel free to discuss thorny issues such as the territorial dispute over the Spratly Island chain, which is claimed entirely or in part by China, the Philippines, Taiwan, Vietnam, Malaysia and Brunei.

Japan also hopes the foreign ministers of the ARF members will endorse Japan's suggestion that countries submit reports on their defense policies and military strength, such as Japan's annual white paper on its national defense policy, the officials said.

The ARF was set up last year to discuss security matters in the region with the participation of the then six ASEAN members — Brunei, Indonesia, Malaysia, Singapore, Thailand and the Philippines — and other countries including China, Japan, the U.S., Russia, South Korea, Vietnam and Australia.

The original idea to hold such a multilateral security dialogue in Asia was floated by then Foreign Minister Taro Nakayama in 1991, but the proposal failed to win support from the ASEAN countries at the time, partly due to Asian countries' suspicions that Japan may again become a military superpower.

To dispel such concerns, Kono, in attending the first ARF meeting in Bangkok in July last year, had to give reassurances that Japan will maintain an exclusively defense-oriented policy and that it will not become a military power that could pose a threat to other countries.

Ministry officials say such suspicions toward Japan no longer appear to be so dominant, at least on the surface.

But they say Japan does not plan to display a strong leadership in the ARF, although it will voice its opinions clearly.

"The ASEAN countries should play a central role in promoting security dialogue in Asia," said a senior Foreign Ministry official on condition of anonymity. "Japan should remain backstage. It should play a modest role."

Transport Ministry To Advise on Air Safety

OW2807051095 Tokyo KYODO in English
0401 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — A Transport Ministry panel plans to advise Taiwan and France on how to prevent air accidents in connection with the April 1994 China Airlines (CAL) crash in Nagoya, Central Japan, sources familiar with the case said Friday [28 July].

Since the advice will be the first given to foreign authorities, the ministry's Aircraft Accident Investigation Commission is uncertain of how much detail it should convey in its recommendations, the sources said.

Suspecting that mechanical problems with the Airbus A300-600 and pilot error caused the crash at Nagoya Airport, the panel will suggest improvements in CAL pilot training and the Airbus model's alarm systems, they said.

The Taiwanese airline's Airbus crash killed 264 people, including passengers and crew. Only seven people on the flight survived.

The panel, which believes the accident was caused by the pilot's inadequate understanding of the high-tech aircraft, will suggest that CAL improve its pilot education and simulation training.

The panel will advise that Airbus Industrie check its alarm system. The ministry has already sent investigators to look into the plane's design problems.

The panel found that the computerized "landing retry mode" was activated for some unknown reason when the pilots were trying to manually land the plane at Nagoya Airport.

The panel thinks the crash might have been prevented if an alarm had alerted the pilot that the plane was in a computer-operated mode.

The recommendations will probably be sent to the aircraft accident investigation authorities of Taiwan and France, the sources said.

The panel will consult with the Foreign Ministry on whether they should directly submit recommendations to Taiwan or let the Japanese Government do so, they said. Tokyo does not have diplomatic relations with Taipei.

The ministry panel, set up in 1974, has given similar advice in two domestic cases, including the 1985 Japan airlines jumbo jet crash that killed 520 passengers and crew.

Sources: Osaka Summit To Bar Taiwan's Hsu

OW2807143295 Tokyo KYODO in English
1314 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Japan will not allow Taiwan Deputy Premier Hsu Li-teh to attend an informal summit of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November, government sources said Friday.

Instead, Taiwan's Economic Affairs Minister Chiang Pin-kung will be invited to represent the island at the Osaka summit, the sources said.

Taipei recently entrusted Hsu with the chair of the cabinet's Council for Economic Planning and Development concurrently with his deputy premier post in an apparent attempt to facilitate his presence at the meeting.

In declining Taiwan president Lee Teng-hui's [Li Teng-hui] wish to be invited to the leaders' meeting, Tokyo earlier said it will stick to the precedent of other APEC summits, where Taiwan was represented by cabinet-level economic officials.

Hsu's visit had not been ruled out from the beginning, since his predecessor in the Economic Planning Council, Vincent Siew, was present at the two previous APEC summits in Seattle and the Indonesian city of Bogor.

Tokyo's nixing of a visit by Hsu comes after repeated warnings from Beijing that it would not tolerate a visit by Lee, Taiwan Premier Lien Chan or Hsu.

China, which has regarded Taiwan as a breakaway province since the nationalists fled the mainland after the communist takeover in 1949, strongly opposes any moves that could boost Taiwanese rulers' political standing or encourage the island's pro-independence movement.

When Japanese Prime Minister Tomiichi Murayama visited China in May, Chinese Premier Li Peng reiterated that a visit by any Taiwan leader "beyond the rank of a cabinet-level official" would meet with the strongest opposition from Beijing.

In June, Chinese President Jiang Zemin hinted in talks with former Prime Minister Toshiki Kaifu, who heads Japan's major opposition party Shinshinto (New Frontier Party), that Beijing might pull out of the APEC meeting if Hsu were to attend.

On Wednesday, the head of the China-Japan Friendship Association, Sun Pinghua, urged Murayama to avoid following in the tracks of recent U.S. policy toward Taiwan which allows private visits by Taiwanese politicians.

"Sino-U.S. relations are in a difficult state," he said in a meeting with Murayama at the prime minister's official residence. "We would be distressed if our relations with Japan took a turn that way."

Washington's granting Taiwan President Lee an entry visa for a private visit in June has strained bilateral ties between the United States and China and put Beijing on alert that other nations could follow suit.

Foreign ministry sources said Tokyo decided against Hsu's attending the APEC meeting to avoid angering China and the detrimental effects on bilateral ties that could result.

As the host nation, Japan further wishes to avoid putting into jeopardy the success of the Osaka summit, the sources said. Invitations are expected to be sent out in mid-August, they said.

Last year, Tokyo was in a similar diplomatic dilemma when Lee ignored ardent opposition from Beijing and insisted on attending the Hiroshima Asian games.

In an effort to strike a compromise, Hsu was allowed to visit as a sports official, but the move only triggered further protests from China.

Trade With PRC Expected To Reach \$50 Billion

OW2807115995 Tokyo KYODO in English
0906 GMT 28 Jul 95

[FBIS Transcribed Text] Tokyo, July 28 KYODO — Japan's trade with China, its second largest trading partner after the United States, is expected to top a record \$50 billion this year, a semi governmental trade organization reported Friday.

The Japan External Trade Organization (JETO), citing finance ministry statistics, said two-way trade between Japan and China in the first half of 1995 soared 25.6 percent over the same period last year to \$25.98 billion.

Japan's exports grew 8.8 percent to \$9.88 billion while its imports leaped 38.8 percent to \$16.10 billion, producing a huge deficit of \$6.21 billion, the largest among all its trading partners, the organization said.

The imbalance compares with \$2.5 billion recorded in the first half of last year, it said.

During the January-June period this year, China replaced Germany as the seventh largest market for Japanese exports and remained the second largest exporter for Japan.

The organization said bilateral trade is expected to surpass the \$50 billion level for the first time ever, totaling as much as \$55 billion by year-end. Japanese exports to China are generally on pace with last year and imports remain robust.

Yamaichi Securities, PRC Agree To Cooperate

OW2607141595 Tokyo KYODO in English
1358 GMT 26 Jul 95

[FBIS Transcribed Text] Tokyo, July 26 KYODO — Yamaichi Securities Co. has reached a basic agreement with China State Development Investment Corp. for cooperation in large-scale investment projects in China, sources at the major brokerage house said Wednesday [26 July].

Yamaichi will become the first Japanese financial institution to tie up with the corporation, which is under direct control by the Chinese Government, the sources said.

Yamaichi's Chairman Tsugio Yukihira will visit China in mid-August to conclude a memorandum in line with which Yamaichi will give the corporation project-planning advice, they said.

The corporation will offer local information to Japanese firms seeking business tie-ups in China, they said.

The corporation was established in May through the merger of six corporations and is wholly owned by the Chinese Government.

High Yen Said Lowering Imported Goods Prices

OW3107110695 Tokyo KYODO in English
0815 GMT 31 Jul 95

[FBIS Transcribed Text] Tokyo, July 31 KYODO — The yen's continued gains against the dollar kept the cost of imported goods falling in June, the Finance Ministry said Monday [31 July].

In a monthly report on customs-cleared import prices of 50 daily goods, the ministry said 34 items showed price declines, of which 21 posted double-digit drops.

Prices of imported alcohol such as U.S. beer and French wine continued marking double-digit yearly falls, and those of imported meat like beef and chicken also declined over 10 percent, the ministry said.

Import prices of golf balls and tennis rackets fell around 30 percent, while those of French lotion dropped nearly 50 percent mainly due to an increase in imports of cheaper products, it said.

In contrast, prices of imported coffee beans shot up 68.4 percent because of a poor crop in Brazil, it said.

Among 25 daily goods, for which retail prices were available, 18 showed an import price decline, it said.

The dollar was quoted at an average 84.96 yen in June, down 18.5 percent from a year earlier, according to the ministry.

In a separate report on retail prices of 25 imported daily goods, the Economic Planning Agency said retail prices declined for 13 of the 25 items in July, reflecting lower import prices on the back of the strong yen.

Combined retail prices of the 25 goods marked an average 0.2 percent decline in July from a year before, the agency said.

The retail price of a tennis racket averaged 20,160 yen in mid-July, down 5,160 yen or 20.4 percent from a year earlier, it said.

The cost of a 355-milliliter can of beer fell 10 yen or 4.5 percent from a year before to an average of 213 yen, and the average price for 100 grams of beef declined 16 yen or 4.3 percent to 374 yen, it said.

Meanwhile, the retail price of coffee beans notably increased by 68 yen or 9 percent to 751 yen per 200 grams, it said.

New Rice Distribution System Urged

OW3107110795 Tokyo KYODO in English
0915 GMT 31 Jul 95

[FBIS Transcribed Text] Tokyo, July 31 KYODO — The Japan Association of Corporate Executives (Keizai Doyukai) offered Monday [31 July] a set of proposals, including the creation of new rice distribution channels, meant to narrow the large gap between domestic and foreign rice prices.

As the current price-formation process, initiated by the government, is unclear, new rice distribution systems should be created, the association said in the proposal entitled "the direction of Japanese agriculture toward the 21st century."

The association called for correction of the price gap between domestically produced rice and imported rice, which was about 200 yen per kilogram in 1994.

Competitive elements should also be infused into Japan's rice production by stepping up large-scale farming, the association said.

Specifically, it said rice fields should expand in size at least to 20 hectares.

Keizai Doyukai said these proposals are based on the assumption that rice tariffication will be implemented in 2010 in line with farm accords under the Uruguay Round.

Higher Tariffs Invoked on Frozen Beef Imports

OW2707064095 Tokyo KYODO in English
0409 GMT 27 Jul 95

[FBIS Transcribed Text] Tokyo, July 27 KYODO — Japan will invoke a safeguard measure against a flood of frozen beef imports as a way to protect domestic beef farmers, the Finance Ministry said Thursday [27 July].

The ministry said it will raise tariffs on such imports from 48.1 percent to 50 percent, effective from Aug. 1 to the end of fiscal 1995 March 31.

The step, the first of its kind in Japan to be taken with beef, is in line with a rule exceptionally allowed under Uruguay Round accords as a means to protect domestic industries against a surge in imports.

A safeguard against beef imports can be exercised when their imports during a certain quarter jump more than 17 percent from a year before.

Frozen beef imports during the April-June quarter came to 83,097 tons, more than the ceiling volume of 79,916 tons, the ministry said.

Frozen beef imports have been soaring on the strength of the high yen, industry sources said.

The tariff reduction for such products in April and an expanding domestic market have been also behind the import surge.

The planned tariff hike is expected to result in a minor import price increase of 6-8 yen per kilogram, thus having little impact on retail prices, said officials at the Ministry of Agriculture, Forestry and Fisheries.

Beef importers do not seem much concerned about the safeguard measures, saying exchange rate fluctuations and supply-demand ties have much more impact on prices.

Beside frozen beef, imports of pork have been also rising rapidly, nearing limit for invoking a safeguard, industry sources said.

Chilled beef imports will not be affected by the tariff changes.

Most imported beef in Japan comes from the United States and Australia.

Financial Trouble of Cosmo Credit Noted

OW3107115395 Tokyo KYODO in English
1006 GMT 31 Jul 95

[FBIS Transcribed Text] Tokyo, July 31 KYODO — The Ministry of Finance (MOF), the Bank of Japan (BOJ) and the Tokyo Metropolitan Government are considering transferring ailing Cosmo Credit Corp.'s right to operate to a third party, sources at the three bodies said Monday [31 July].

MOF chief Masayoshi Takemura, BOJ Governor Yasuo Matsushita and Tokyo Gov. Yukio Aoshima met Monday afternoon in the face of an exodus of funds from the Tokyo credit union in an initial reaction to Saturday's newspaper report that Cosmo, saddled with huge bad loans, is in a financial crisis.

A senior official of the Tokyo Metropolitan Government said that it plans to order Cosmo to halt operations.

Earlier in the day, BOJ and MOF sources said the central bank and the ministry have begun to discuss the use of special BOJ loans under Article 25 of the Bank of Japan Law as a way to protect depositors of Cosmo.

But at an evening press conference, MOF Vice Minister Kyosuki Shinozawa said nothing has been decided on the use of such loans, saying it is too early to come up with a conclusion on the issue.

About 1,800 customers, four times as many as usual, flocked to Cosmo's Tokyo head office and 23 outlets Monday morning.

The flight of money continued in the afternoon, reaching 6,200 cases worth 59.8 billion yen as of 5 P.M.

The National Federation of Credit Cooperatives, an industry organization of credit unions nationwide, is already preparing 40 billion yen in loans to Cosmo without asking for collateral.

A Cosmo spokesman said the pace of deposit withdrawals is faster than expected, with no sign of any halt.

Cosmo is the fifth largest credit union in Japan, with deposits of 439 billion yen as of the end of March.

Finance Minister Takemura pledged Monday morning to do his utmost to prevent the current situation from developing into a problem which would affect Cosmo's depositors.

"The Tokyo Metropolitan Government is working on the Cosmo issue. There is no need to worry as the government will take steps to see that depositors are not inconvenienced," Takemura said.

Cosmo Credit opened the outlets in Tokyo as usual Monday. The credit union saw four times as many clients as usual in the morning, but no confusion was reported.

Its spokesman said the credit union has no plans to change its policy of accepting all withdrawal requests.

A rush of depositors Monday morning, however, made it difficult to meet the withdrawals only with its cash on hand.

Therefore, Cosmo asked the National Federation of Credit Cooperatives to extend emergency lending. The federation has already set aside 40 billion yen for such lending and extended about 3 billion in emergency loans to Cosmo's head office Monday morning.

The Bank of Japan (BOJ) pumped about 25 billion yen into the federation so that the flight of capital from Cosmo Credit will not trigger credit turmoil in other smaller financial institutions.

The central bank also instructed its local branches to closely check daily operation funds at local financial institutions.

"The situations in local areas are relatively calm," said a BOJ official.

A federation official said other credit unions remain little affected by the rapid withdrawals of deposits at Cosmo Credit.

The Tokyo Metropolitan Government, which is in charge of supervising credit unions in Tokyo, has sent officials to Cosmo's major outlets to monitor cancellation moves.

The metropolitan government said Cosmo has time deposits totaling more than 2 billion yen that mature Monday.

Government To Help Depositors

OW3107124195 Tokyo KYODO in English
1219 GMT 31 Jul 95

[FBIS Transcribed Text] Tokyo, July 31 KYODO — The government will do its utmost to protect depositors at the ailing credit union Cosmo Credit Corp., chief government spokesman Kozo Igarashi said Monday [31 July].

Igarashi, chief cabinet secretary, told reporters the government and the Bank of Japan will take full measures to preserve the nation's financial system and protect depositors.

Igarashi made the remark after Tokyo Gov. Yukio Aoshima ordered cosmo to halt operations Monday.

The order came after an estimated 62.7 billion yen was withdrawn by customers from the head office and 23 outlets of the beleaguered credit union Monday.

Aoshima issued the order after consultations with Finance Minister Masayoshi Takemura and Bank of Japan Governor Yasuo Matsushita.

DA Budget Talks Likely To Center on Growth

OW2907093595 Tokyo KYODO in English
0915 GMT 29 Jul 95

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Negotiations within the government and the ruling coalition over defense spending for the next fiscal year will likely center on a growth rate of around 2 percent, government sources said Saturday [29 July].

The Defense Agency (DA) and the Liberal Democratic Party (LDP) are seeking an increase of 192 billion yen, or 4.1 percent, over the previous year, while the Social Democratic Party (SDP) of Prime Minister Tomiichi Murayama, the LDP's main coalition partner, wants to put a cap at 0.855 percent, the rate of increase under the fiscal 1995 budget.

The leading opposition Shinshinto (New Frontier Party) is also calling for a 4.1 percent growth in the defense budget which totals 4.7 trillion yen for fiscal 1995, ending next March 31.

The rate of expansion in the defense budget is the most politically charged spending issue and the focus of ongoing bargaining for the ceiling on budget requests by ministries and agencies.

The government is considering several steps to put a lid on the defense budget, including a delay in payments for frontline equipment and extension of the retirement age for senior Self-Defense Forces officers aimed at delaying payments of retirement money.

The recent upswing of the yen against the dollar is also expected to help depress the defense budget increase.

The government hopes to put the ceiling at around 2 to 3 percent growth, while hardline SDP lawmakers are unwilling to agree to any growth rate over 2 percent.

The final compromise may be found somewhere around 1.9 percent, the sources said.

The cabinet is expected to decide on the ceiling in a meeting Aug. 4, setting the maximum growth rate for budget requests to be submitted by government departments by the end of August.

New Komatsu Head Eyes Production in Russia

OW2907092195 Tokyo KYODO in English
0825 GMT 29 Jul 95

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Major construction machinery maker Komatsu Ltd. is considering setting up production bases in Russia and South Africa to cope "flexibly" with fluctuations in foreign exchange rates, the new head of the company says.

Satoru Anzaki, who assumed his present post about a month ago, said in a recent interview with KYODO NEWS SERVICE, "we'll spur a shift of production to overseas if the yen appreciates further, and we intend to boost domestic production if the yen reverses course."

The company reported 16.68 billion yen in unconsolidated pretax profit in the 1994 business year to March 31, on total sales of 499.49 billion yen.

Currently, Komatsu has 15 production bases abroad, and Anzaki said the facilities have now been "well balanced regionally" as they are in geographically close proximity to world marketplaces.

He said the company has no plans at present to move its head office to overseas from Tokyo, but said he thinks it better to adopt English as its in-house "official language" because it is hard to communicate in Japanese when executives of the Tokyo headquarters and presidents of overseas subsidiaries get together in Japan for discussions.

Anzaki, a graduate from Hitotsubashi University, is widely known in the Japanese business community as a good speaker of English, Russian and Chinese. He specialized in Chinese economic history at university.

He cited effective utilization of personnel as one of the main tasks facing him during his tenure.

"I'd like to introduce an ability-evaluation system under which employees would be able to obtain twice as much pay as at present if they did excellent jobs or came out with excellent ideas," Anzaki said.

"I don't even mind if salaries of some employees in Japan are higher than mine," said Anzaki. "Already, presidents of some overseas subsidiaries are earning higher incomes."

He also said he is considering an information system which will enable sales staff to retrieve in-house information instantly by computer and make proposals fitted to customers' needs.

Auto Industry Reports Decline in Exports

*OW2707070895 Tokyo KYODO in English
0509 GMT 27 Jul 95*

[FBIS Transcribed Text] Tokyo, July 27 KYODO — Japan's exports of four-wheel cars for the January-June period fell 8.1 percent from a year before to 2,054,443 vehicles, marking the third consecutive first-half decline, the industry said Thursday [27 July].

The sum also represented a 7.6 percent fall from the second half of 1994, the Japan Automobile Manufacturers Association said.

Half-year exports of passenger cars fell 7.9 percent to 1,577,972 for the third straight year of a first-half decline.

Truck exports for the first half slid 8.2 percent, dropping for the 10th year in a row, while bus exports decreased 21.3 percent to 24,754.

Four-wheel car shipments to other Asian nations in the first half rose 8.9 percent, while those to the European Union fell 21.8 percent for the fourth year running of decline.

North American-bound exports decreased 9.6 percent for the sixth straight year of fall, including an 8.7 percent drop in U.S.-bound exports, the association said.

In terms of value, half-year exports totaled 43,428.42 million dollars, up 5.8 percent from a year before and down 0.9 percent from the second half of 1994, it said.

Meanwhile, the association also released June export figures, which showed a 15.8 percent year-on-year decline in exports of cars to 316,469.

The sum was 8.4 percent higher than in May, the association said.

June exports of passenger cars slid 15.3 percent from a year before to 237,815 while those of trucks fell 14.8 percent to 74,981.

Shipments of buses plunged 48.9 percent to 3,673, it said.

Construction Ministry Cites Housing Start Drop

*OW3107103395 Tokyo KYODO in English
0826 GMT 31 Jul 95*

[FBIS Transcribed Text] Tokyo, July 31 KYODO — Housing starts in June declined for the fourth straight month but recovery is expected later this year when reconstruction of the quake-ravaged region of Kobe starts in full swing, the Construction Ministry reported Monday [31 July].

The ministry said construction of new homes in June plunged 15.7 percent from a year earlier to 124,735 units for the fourth straight month of year-to-year declines.

It was the sharpest drop since a 16.4 percent plunge was recorded in January 1992, the ministry said.

The sharp decline was in reaction to a construction boom last year but the sluggish trend is expected to continue for a few more months as builders anticipate lower interest rates on housing loans, ministry officials said.

The officials, however, painted a rosy outlook toward the end of this year, citing strong demand resulting from reconstruction in the Kobe area in western Japan where an earthquake wreaked havoc in January.

They said the initial target of 1.52-1.53 million housing starts for the current fiscal year will be attained.

In June, construction of privately ordered houses plunged 21.6 percent from a year earlier to 45,863 units, posting the fourth straight month of year-on-year declines, the ministry said.

Construction using private loans increased 21.4 percent for the fifth straight month of rises but the number of houses built with public funds dropped 43.3 percent due to rigid terms on loans, the ministry said.

Houses built for sale accounted for 30,979 units, down 6.5 percent for the fourth straight month of decline, the ministry said. Condominiums accounted for 17,895, up a small 0.1 percent, it said.

Construction of houses for rent tumbled 14.5 percent to 45,479 units, marking the 17th consecutive month of decline, the ministry said.

Housing starts were generally slow in most urban areas, with the exception of the Kobe-Osaka area where construction surged 20.3 percent, spurred by reconstruction following the quake, it said.

Poll: Support Rate for Murayama Cabinet Down

*OW3007114895 Tokyo NHK General Television
Network in Japanese 1000 GMT 28 Jul 95*

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] An NHK poll shows that 33 percent of respondents supported the Murayama cabinet while 48 percent did not. More people said they do not support the cabinet than in May, when a similar poll was conducted before the upper house election.

NHK conducted a telephone poll 25-27 July following the 23 July House of Councillors' election. In the survey, 1,800 eligible voters across the country were

polled, out of which 967 or 53.7 percent responded. The pollees were asked if they support the Murayama cabinet. Thirty-three percent of them said they did, and 48 percent said they did not.

Compared with a similar poll conducted last May, those who do not support the cabinet increased 8 percentage points.

Asked what party they support, 24.7 percent replied they supported the Liberal Democratic Party; 20 percent, the New Frontier Party (NFP); 12 percent, the Social Democratic Party of Japan; 0.9 percent, the New Party Sakigake [Harbinger]; 3.3 percent, the Japan Communist Party (JCP); and 35.8 percent said they support no party.

Compared with the May poll, those who supported the NFP increased almost fourfold, and JCP supporters nearly doubled. Those parties did well in the upper house election.

Those who said they support no party declined 19 percentage points. Those surveyed were also asked what they thought about the election results. Thirty-three percent said they were satisfied either completely or relatively so.

On the other hand, 58 percent said they were dissatisfied either completely or partly.

Asked if they think the House of Representatives should be dissolved soon, 35 percent said yes and 48 percent said no. The recent upper house election featured the lowest-ever voter turnout. Those who said they did not go to the poll were asked why. Thirty-three percent said they were unable to go and vote because of personal reasons; 18 percent said they did not go because their votes would have no impact on the transfer of power; and others said they were not interested, or there were no parties or candidates to support.

Takemura To Stay, Keep Party in Coalition

OW2907105895 Tokyo KYODO in English
0949 GMT 29 Jul 95

[FBIS Transcribed Text] Tokyo, July 29 KYODO — Finance Minister Masayoshi Takemura Saturday [29 July] retracted his offer to resign as head of New Party Sakigake, pledging to keep his party in Japan's tripartite ruling coalition, according to his top aide.

Takemura accepted a request from most other party members to remain as chief of the smallest coalition partner, deputy party head Shusei Tanaka told reporters after nearly two hours of talks between the two.

Takemura told reporters after meeting with party leaders that Sakigake will not leave the ruling coalition with

the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP) of Prime Minister Tomiichi Murayama.

"It's simply not in the cards that Sakigake will depart from the coalition when Premier Murayama is tackling many tough issues," he said.

Takemura told Tanaka that he would like to make a fresh start despite the party's poor showing in Sunday's House of Councillors election.

But Tanaka said he did not discuss whether Takemura should stay in the cabinet of Prime Minister Tomiichi Murayama.

Takemura's change of mind has saved Sakigake from its biggest crisis since it was founded, for the time being at least.

But political analysts believe the rift within the party over its position in the coalition has damaged the party's "image" and will weaken solidarity within the coalition.

Earlier in the day, the heads of the other two coalition partners, Murayama of the SDP and Foreign Minister Yohei Kono of the LDP, met for about an hour to discuss Takemura's resignation offer.

After the meeting, Kono told reporters, "we have not discussed any more than the newspapers have reported. I greeted the premier prior to my departure for the Association of Southeast Asia Nations (ASEAN) meeting."

Kono is scheduled to leave Sunday for a Southeast Asian trip through Thursday to attend annual ministerial talks involving ASEAN and its major trading partners in Brunei.

Kono added that he and the prime minister did not discuss a cabinet reshuffle in any detail.

But Murayama and Kono seem to have confirmed they encouraged Takemura to retract his offer, political pundits said.

The premier and Kono are believed to have exchanged views on the timing and scale of a proposed cabinet reshuffle, they said.

Takemura offered to step down as party chief Thursday to take responsibility for Sakigake's poor performance in the upper house election and for his failure to meet public expectations as finance minister.

But Sakigake party executives decided Friday to reject Takemura's offer and urge him to keep the post.

It is not clear if Takemura will stay on in the Murayama cabinet.

As the close personal relationship among the leaders of the three coalition parties is behind the Murayama administration's unity, Takemura's withdrawal from the cabinet could affect the framework of the governing alliance, coalition sources said.

Sakigake was formed in June 1993 as a splinter group of the LDP.

Takemura on Need To Set Up New Political Party

*OW3007073895 Tokyo KYODO in English
0659 GMT 30 Jul 95*

[FBIS Transcribed Text] Tokyo, July 30 KYODO — Finance Minister Masayoshi Takemura, head of the smallest coalition partner New Party Sakigake [Harbinger], said Sunday [30 July] it is necessary to set up a new strong political party before the next general election to compete with the ruling Liberal Democratic Party and the opposition Shinshinto (New Frontier Party).

On a television program, Takemura said, "we will not be able to fight in the next general election unless we set up a new political party which can garner 20-30 percent of the people's support."

Although Takemura denied an immediate merger between his Sakigake and the SDPJ [Social Democratic Party of Japan], he revealed that an Sakigake-SDPJ tie-up will be the basis of the new party. The current three-party coalition government of Prime Minister Tomiichi Murayama, who heads the SDPJ, is comprised of the SDPJ, Sakigake and the LDP.

Takemura also said he will soon meet with SDPJ Secretary General Wataru Kubo about establishing a new party.

On Thursday, Takemura offered to step down as party chief to take responsibility for Sakigake's poor performance in the July 23 House of Councillors election and for his failure to meet public expectations as finance minister.

But he retracted his offer Saturday, accepting a request from most other party members to stay on as the party chief.

Kubo said on the same TV program that the SDPJ will have to fight in the next general election with a new party.

Kubo said it is necessary to establish a new party which can obtain more than 10 million votes in the proportional representation system.

Kubo denied the possibility of an early general election in the wake of the July 23 House of Councillors election.

Takemura on Bid To Resign, Future of Coalition

*OW3007122595 Tokyo FNN Television Network
in Japanese 2307 GMT 29 Jul 95*

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2307 GMT on 29 July in its "2001 Program" carries a 38-minute live interview with Finance Minister Masayoshi Takemura by FNN anchor Yuji Kuroiwa and writer Yoshimi Ishikawa at the Tokyo FNN studio.

Kuroiwa begins by asking Takemura why he decided to resign as the leader of Sakigake [Harbinger]. Takemura says: "As leader of Sakigake, I felt a heavy responsibility for the results of the upper house election, in which our party failed to greatly increase the number of seats it holds. I decided to resign as leader of Sakigake to take responsibility for our party's failure in the election to increase its number of seats to any extent."

Asked then why he retracted his decision to resign, Takemura says: "Eighty percent of Sakigake members wanted me to stay on as Sakigake leader, the rest wanted me to resign."

Kuroiwa then asks why, in the latest upper house election, Sakigake was unable to greatly increase the number of seats it holds.

Takemura cites Sakigake's lack of nationwide organization and its lack of preparation for the election.

"Nonetheless, our party will uphold its political ideals in running the coalition government," he says.

Kuroiwa asks Takemura if he will remain in the Murayama cabinet as finance minister. Takemura says this depends on the cabinet reshuffle.

He says: "When I phoned Prime Minister Murayama to ask him about the cabinet reshuffle, he told me he had yet to decide whether or not to have one. Mr. Murayama also told me Mr. Yohei Kono will return to Japan on 4 August and he hoped to meet me and Kono to discuss the cabinet reshuffle issue."

Takemura adds: "I told the prime minister that a large-scale cabinet reshuffle should be carried out to form a Murayama cabinet and President Kono of the Liberal Democratic Party [LDP] echoed my view."

He is then asked about the possibility of Sakigake breaking away from the coalition, Takemura rules out the possibility.

He says: "Fortunately, the three ruling coalition parties won a majority of seats in the upper house election. Prime Minister Murayama told me that he intends to

maintain the present arrangement of the three ruling coalition parties."

Takemura then responds to a question about criticism of the Murayama administration.

He says: "The Murayama administration has been criticized in various ways. It has been criticized especially for failing to take measures to stimulate the economy. The people have continued to question its attitude toward reform. If the coalition partners intend to keep the Murayama administration in place, it should make clear it will push for reform."

Turning to the defense budget, Takemura says: "Sakigake intends to curb the growth of the defense budget as much as possible. The LDP has said the Defense Agency wants to increase the defense budget for fiscal 1996 by 4.1 percent. As we are in an era of disarmament, the three ruling coalition parties have agreed on the idea of curbing growth in the defense budget. But it is true the Defense Agency has difficulty in curbing budget growth because of a considerable increase in the payment of the past contracts and in personnel expenses. Nonetheless, Sakigake will work to keep the growth in check."

At 2345 GMT, Kuroiwa concludes the interview after thanking Takemura and Ishikawa.

Kono, Hashimoto To Compete in Presidential Poll

*OW3007115395 Tokyo YOMIURI SHIMBUN
in Japanese 27 Jul 95 Morning Edition p 1*

[FBIS Translated Text] Yohei Kono (deputy prime minister and foreign minister) ascertained as of 26 July his intention to run for reelection as Liberal Democratic Party [LDP] president in the election to be held at the end of September. On the other hand, a group assuming a critical attitude of President Kono has decided to support Ryutaro Hashimoto, international trade and industry minister. Both groups have started working to gain a majority.

Although some members recommend Michio Watanabe, an ex-deputy prime minister, as a candidate, it has become highly probable that the election will eventually be a duel between Kono and Hashimoto. However, there is a possibility that the alignment of forces in the election may change as a consequence of the cabinet reshuffle, which Prime Minister Murayama will conduct in the beginning of August, and the corresponding LDP personnel changes that may take place. For example, the LDP may elect its president through consultations, but not by election.

As a result of intraparty coordination as of 26 July, the presidential election schedule has been decided:

the official declaration of candidacy will be held 17 September, with voting on 29 September. The party convention, in which the election outcome is expected to be announced, will be held 30 September.

With regard to how to deal with the election, Kono has already told Diet members of the former Miyazawa faction his intention to run for reelection. He also indicated his will to stay in his position at a news conference on 24 July: "I worked hard for the party. And I would like to continue to follow my comrades' opinions." Within the party, Kono gains support mainly from the former Miyazawa faction, to which he belonged until factions were abolished at the end of last year. Secretary General Mori has also stated his support for Kono.

Meanwhile, as to Hashimoto, consultations on whom to recommend, Vice President Keizo Obuchi or Hashimoto, as a candidate continued within the former Obuchi faction, to which Hashimoto used to belong. However, an opinion that "the present leadership, including Vice President Obuchi, need to resign" is strongly raised due to the fact that the LDP did badly in the recent upper house election. Therefore, supporting Hashimoto has become the general trend.

Kono asked Hashimoto to stay on as international trade and industry minister right after the 24 July three ruling parties' top-officials meeting, in which a cabinet reshuffle was decided on. However, Hashimoto refused Kono, due to his wish to run for LDP president.

Hashimoto Intends To Run for LDP President

*OW3007105195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 29 Jul 95 Morning Edition p 1*

[FBIS Translated Text] The feud within the ruling Liberal Democratic Party [LDP] over the issue of reshuffling the cabinet is increasingly palpable and on 28 July, Sakigake [Harbinger Party] representative Masayoshi Takemura offered to resign as representative. The political situation, which is showing signs of fluidity, has now entered a new stage. With the LDP presidential election set to be held in September, a group within the LDP, which objects to Yohei Kono, [LDP] president (deputy prime minister and foreign minister), being reelected and backs Ryutaro Hashimoto, international trade and industry minister, as the next LDP president, notified the old Obuchi faction's leadership on 28 July that Hashimoto intends to run in the LDP presidential election. The possibility is growing that Kono and Hashimoto will contest in the upcoming LDP election.

In response to moves within the LDP and Sakigake, the prevailing view within ruling coalition parties is that only a few cabinet members will be reshuffled

in early August. On 29 July, Prime Minister Tomiichi Murayama will call Kono to his official residence to discuss how the ruling coalition parties should handle the political situation in the future. Takemura's offer to resign as Sakigake representative and the outcome of the LDP presidential election will undoubtedly have a great impact on the Murayama government's foundation. The future political situation is far from certain.

On 28 July, it was learned that in connection with the LDP presidential election that is becoming a focus of the political situation, the LDP group that distances itself from LDP President Kono has notified the old Obuchi faction's leadership that Hashimoto intends to run in the upcoming LDP presidential election after Hashimoto told the group: "I will entrust the group with the question of whether I will run or not." As a result, Kono and Hashimoto are expected to vie in the upcoming LDP election. The cabinet reshuffling issue is assuming the aspect of a skirmish of the LDP presidential election and Finance Minister Takemura has expressed his intention to resign as Sakigake representative. In response to these moves, the view is resurfacing within the ruling coalition parties that the cabinet reshuffle scheduled for early August should be a small-scale one.

Until now, Hashimoto has not made clear his position on running for the LDP presidency. He has limited himself to saying: "I intend to carry out my duties as international trade and industry minister." However, he has also hinted at the possibility of his being replaced as minister, depending on the circumstances.

The LDP group that backs Hashimoto as LDP president is strongly reacting against the maneuvering by a Kono-support group within the LDP to use the cabinet reshuffle as a means to win independent LDP members to its side. The group, which has been organized mainly by old Obuchi faction members, has reactivated itself, claiming that "Hashimoto will win the LDP presidential election."

In response to the group's moves, Hashimoto is believed to have made up his mind to announce his candidacy in the LDP election after entrusting the old Obuchi faction with the question of his running if a consensus is reached within the faction on backing him as the next LDP president.

Meanwhile, the view still remains strong among LDP legislators close to President Kono that the LDP must aim for a large-scale cabinet reshuffle and for the replacement of its secretary general and other executive members. The argument is gaining momentum again among LDP legislators close to President Kono and other LDP members that the August cabinet reshuffle should be limited to the replacement of Labor Minister

Manso Hamamoto, who has retired from politics, and that a full-fledged cabinet reshuffle should be effected after the general elections are held in late September.

LDP Dissidents To Back Hashimoto

OW3007135095 Tokyo KYODO in English
1300 GMT 30 Jul 95

[FBIS Transcribed Text] Tokyo, July 30 KYODO — Just two months to go before the election of the president of the Liberal Democratic Party (LDP), dissident party members are poised to back trade minister Ryutaro Hashimoto against incumbent Yohei Kono, who doubles as deputy prime minister and foreign minister, party sources said Sunday [30 July].

Supporters of Hashimoto, minister of international trade and industry, are considering seeking to settle the question of the current LDP leadership's responsibility for the party's poor showing in the July 23 House of Councillors election by ousting Kono, the sources said.

Hashimoto, known for his hard bargaining style as seen in recent negotiations with U.S. Trade Representative Mickey Kantor over auto trade, has suggested he may run in the Sept. 29 presidential poll if he obtains enough support.

The dissidents, led by a group of LDP legislators backing Keizo Obuchi, party vice president, are concerned that the LDP, the dominant partner in Prime Minister Tomiichi Murayama's tripartite ruling coalition, may lose ground in the next general election if the Kono leadership stays on without taking responsibility for the upper house setback.

Negotiations among senior party members are already under way.

On Sunday, former Prime Minister Noboru Takeshita, the LDP kingpin who has strong influence over party affairs, met with former Foreign Minister Hiroshi Mitsuzuka.

Takeshita is inclined to back Hashimoto in the event of a standoff between Hashimoto and Kono, while Mitsuzuka, a veteran lawmaker who has also served as trade minister, has indicated his support for the Kono leadership, party sources said.

Leading the push to have Hashimoto face off with Kono are leading members of the Obuchi group, including former party secretary general Seiroku Kajiyama.

Joining the move are former Foreign Minister Michio Watanabe and former Prime Minister Yasuhiro Nakasone, who the sources said have already conveyed their support to Hashimoto.

Kajiya and other party dissidents are urging Obuchi, another potential candidate for the presidency, to resign as party vice head to lay the groundwork for Hashimoto's presidential bid but Obuchi has refused, the sources said.

"We should change the face of the party," a former cabinet member said in voicing support for Hashimoto, who has been given top ratings in several public opinion polls regarding the next premiership.

But some LDP members are worried that a government headed by Hashimoto, who has aroused controversy with conservative remarks regarding Japan's war responsibility, might force out the party's two coalition partners, Murayama's Social Democratic Party [of Japan] and Finance Minister Masayoshi Takemura's New Party Sakigake [Harbinger], an LDP splinter group.

Komei Postpones Alliance With Shinshinto

OW2907105595 Tokyo KYODO in English
1001 GMT 29 Jul 95

[FBIS Transcribed Text] Tokyo, July 29 KYODO — The Komei Party, a political party mainly consisting of local assembly members of the defunct Komeito, has postponed its planned merger with the main opposition Shinshinto (New Frontier Party) at least until after the next general election, party sources said Saturday [29 July].

The sources said party members wanted to see the outcome of the next House of Representatives election before they join Shinshinto.

Komei members also are worried that their links with Soka Gakkai may have an adverse impact on Shinshinto's performance in the next election, they said.

Soka Gakkai, which claims six million members nationwide, was instrumental in Shinshinto's remarkable advance in last Sunday's House of Councillors election.

Komeito, which had drawn strong electoral support from a nationwide network of followers of Soka Gakkai, the lay Buddhist organization, disbanded itself last November in a two-phase program to integrate itself into Shinshinto.

A majority of Komeito members joined Shinshinto, while some 3,000 local assembly legislators and 11 upper house members whose Diet seats will not be challenged until a 1998 upper chamber election, formed Komei.

Yokomichi Launches Liberal Forum Group

OW2707155395 Tokyo TOKYO SHIMBUN
in Japanese 26 Jul 95 Morning Edition p 2

[FBIS Translated Text] The "Liberal Forum," a political group that led by former Hokkaido Governor Takahiro Yokomichi and aimed at rallying democratic liberal forces, was inaugurated on 25 July. A policy was confirmed at an inauguration meeting held that day in which it was stated the forum will rally tripolar political forces to counter the ruling Liberal Democratic Party and the main opposition New Frontier Party [NFP] September, prior to the next lower house elections.

The inauguration meeting was held in the form of a symposium at a Tokyo hotel. Attending the inauguration meeting were Yokomichi, Yukio Hatoyama, representative secretary of the Sakigake [Harbinger Party], Masanori Goto, deputy secretary general of the ruling Social Democratic Party of Japan and Banri Kaieda, representative of the Tokyo Civic 21.

Commenting on when to rally the new political forces at the inauguration meeting, Yokomichi said, "If we fail to rally the new political forces prior to the next lower house elections, we would be unable to change the present political framework in the next ten years." Three attendees—Goto, Kaieda, and Hatoyama—echoed Yokomichi's view. An agreement was also reached at the inauguration that the forum will rally proportional representation groups in the House of Representatives to form the new political forces.

Hajime Funada, former director general of the Economic Planning Agency who is distancing himself from the NFP's leadership, also attended the inauguration meeting. He said: "I doubt if the two conservative political parties should be allowed to continue to dominate the Japanese political arena. I want to take actions if the forum aims to rally centrist forces that are neither conventional conservative forces nor liberal forces." In this way, he expressed his understanding of Yokomichi's move to rally the new political forces.

North Korea

U.S. Experts Delegation Leaves Pyongyang

SK2907131995 Pyongyang Korean Central
Broadcasting Network in Korean
1305 GMT 29 Jul 95

[FBIS Translated Text] The U.S. experts delegation to the fourth round of DPRK-U.S. experts talks on the safe preservation of spent fuel left Pyongyang today via airplane.

Kim Yong-sam's Trip to United States Denounced

SK3107103095 *Pyongyang KCNA in English*
1019 GMT 31 Jul 95

["Kim Yong-sam's Trip to United States Commented"
— KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA)
— The traitor Kim Yong-sam came back to Seoul on
July 29 after making a trip to the United States from
July 22.

His tour to the United States is a mendicant and
flunkeyist treacherous trip of a colonial stooge, which
showed the extreme of poor diplomacy. It is a very
mean trip of a ruler, planned to maintain the honour
of his master and beg for "security of power". Kim
Yong-sam went to the United States in a hurry because
he was exhorted to make a speech at a ceremony for
unveiling the monument to war defeat which is called
a "Monument to the Korean War".

As recognized by the world, the Korean War was a
war of aggression which the U.S. imperialists and the
South Korean puppets provoked against the DPRK only
to sustain ignominious defeat.

During his junket to the United States, Kim Yong-sam
fully demonstrated the quality of a top-class flunkeyist
traitor through his "positive activities" to repay the
"favour" of his master.

On the very day when he arrived in the United States
he met U.S.- resident Korean compatriots and said that
becoming good American citizens is the only way for
the country. Wherever he went, he asked compatriots to
"contribute to the United States". At the U.S. Congress,
he prattled that it seemed he has come to his hometown.
His absurd remarks surpassing the successive traitors
show well how basely he acted to curry favour with his
master.

Staying in the United States, Kim Yong-sam begged
the U.S. ruling quarters to help toward "improvement of
North-South relations", vociferating about "resumption
of inter-Korean dialogue" and "cooperation". His beg-
ging for inter-Korean relations, the internal affairs of
the nation, in other country cannot be construed otherwise
them an inveterate flunkeyist revelation of a colonial
puppet who is accustomed to serving the United States
and does not live without its help.

We bitterly denounce the traitor for playing part of an
"advocate of unification" and reiterating about the old
"logic on three-stage unification" at the U.S. Congress.

He talked about "peace system" on the Korean penin-
sula, unbecoming to it. This is nothing but absurd re-
marks of a person oblivious of his position. The moves

of the puppets to put their nose into the question, which
should be solved between the DPRK and the United
States, are only a laughing-stock.

Kim Yong-sam committed all flunkeyist treacheries to
keep the honor of his master during his trip to the United
States but he has got nothing but the card of a dog as a
"top-class stooge" of the United States.

There is a saying that history is the record of repetition.

41 years ago, the traitor Syngman Rhee went to Wash-
ington one year after the defeat in the Korean War and
praised the aggressor as a "guardian". Back home, he
was ejected from power by the people. The same is the
destiny of the traitor Kim Yong-sam who follows in the
former's footsteps.

There is no other way but a grave for the traitor Kim
Yong-sam to go to.

Called 'Servile Tour'

SK3107110595 *Pyongyang KCNA in English*
1047 GMT 31 Jul 95

["Servile Tour of Flunkeyist Traitor" — KCNA head-
line]

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA)
— NODONG SINMUN today comments on the mean
behaviour of the South Korean puppet Kim Yong-sam
as a colonial stooge without independence during his
recent trip to the United States.

Kim "expressed thanks" to the United States for defend-
ing South Korea for half a century at the joint meeting
of the house and senate of the United States and begged
the U.S. President to continue stationing U.S. troops in
South Korea at the "talks" with him, the news analyst
says, and goes on:

He behaved coquettishly to gain "commitments to
security" from his master. This is an anti-national act to
block peace on the Korean peninsula and the solution
of its nuclear issue and leave South Korea a nuclear
base of the United States for an indefinite period; it is
an act which can be done only by the traitor who has
not an iota of national dignity and conscience and is
accustomed to flunkeyist treacheries.

At anti-communist farces for a "park" and "monument"
commemorating the participation in the Korean War
[quotations as received], Kim acted a military spearhead
of the United States and incited a fever of war. This is,
indeed, a disgrace of the nation.

Driven into a bottomless crisis of rule owing to the re-
peated failure of the internal and external policies, a big
defeat in the "local autonomous system elections" and

public confusion caused by the collapse of "Sampoong Department Store", the traitor Kim Yong-sam is trying to keep his political career by currying favour with his master and under the master's protection in reward of selling off the interests of the country and the nation, but it is a foolish act.

The traitor will have to bear responsibility before the nation for the consequences of his dirty flunkeyist treacheries and pay dearly for them.

The United States should not try to get anything by helping its dying stooge, forsaken by the South Korean people, but act true to the spirit of the DPRK-U.S. agreed framework.

U.S. 'Imperialists' Stage 'Air War Exercise'

SK2907045895 *Pyongyang KCNA in English*
0419 GMT 29 Jul 95

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The U.S. imperialist warmaniacs staged a long-distance air war exercise for a surprise strike at strategic objects in the depth of the DPRK from July 25 to 27 in the sky above South Korea, military sources said.

Mobilized there were over 50 pursuit planes, pursuit-assault planes, assault planes and electronic jamming planes belonging to the marines of the U.S. Pacific Fleet.

A KC-135 tanker refueled fighter planes belonging to the U.S. 7th Airforce in an air war exercise against the DPRK on July 25 and 26.

U.S. Flies Over 170 'Espionage' Sorties in Jul

SK3107054195 *Pyongyang KCNA in English*
0515 GMT 31 Jul 95

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — The U.S. imperialist warmaniacs have made over 170 espionage flights against the DPRK in July, mobilizing various types of reconnaissance planes from overseas bases and in South Korea such as "U-2" high-altitude strategic reconnaissance plane, "RC-135" strategic reconnaissance plane, "P-3" patrol plane and "E-3" early warning plane.

In the month espionage flights by "U-2" alone totalled over 30.

Ulchi Focus Lens Exercise Criticized

SK2907052295 *Pyongyang KCNA in English*
0434 GMT 29 Jul 95

["Provokers Will Have To Pay Dearly" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The U.S. and South Korean puppet troops announced

that they will stage the adventurous "Ulchi Focus Lens 95" joint military exercise in the whole of South Korea from August 21, according to reports.

The joint exercise will involve nearly 70,000 U.S. troops in South Korea and puppet troops, persons from administration organs of and above city and county level in South Korea and military equipment of the latest type.

The U.S. warmaniacs held an unveiling ceremony for "Monument to Korean War" in Washington to infuse a war fever. They plan to stage the joint military exercise against the DPRK, their dialogue partner, in South Korea. This shows their hostile policy against the DPRK remains unchanged.

The danger of the exercise is that it is not a simple military exercise but a revised version of the "Team Spirit" joint military exercises, a preliminary war and test nuclear war against the North.

The Kim Yong-sam group's plan to stage the war exercise, relying on the U.S. "policy of strength" is a downright challenge and unpardonable crime against the desire of the nation for reunification.

The South Korean puppet clique announced the plan after they declared that they will block the Panmunjom joint ceremonies for the grand national reunification festival marking the 50th anniversary of the country's liberation. This clearly shows that their "South-North negotiation" and "cooperation" is nothing but a camouflage to conceal their war provocation moves.

The U.S. must immediately give up the adventurous war game, which wantonly violates the DPRK-U.S. agreed framework and leads the situation to the brink of war.

If the Kim Yong-sam group dare rush along the road of adventurous war, ignoring our repeated warnings, they will have to pay dearly for it.

Called 'Revised' Team Spirit

SK2907104195 *Pyongyang KCNA in English*
1022 GMT 29 Jul 95

["'Ulchi Focus Lens 95' Manoeuvres Come Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — NODONG SINMUN today comments on the attempt of the Kim Yong-sam group to stage "Ulchi Focus Lens 95" in league with the United States from August 21.

The Kim Yong-sam group is contending that the 12-day war game is an "commanding post exercise aimed at defence", not involving troops and equipment, and so it is a military manoeuvre with no danger.

The analyst views this as a perilous playing with fire to invade the northern half of Korea and not a "defence exercise," adding:

According to the puppet defence ministry spokesman, the projected manoeuvres will bring together more than 50,000 puppet troops and 16,000 U.S. troops. Also involved in the manoeuvres will be all the puppet administration organs of and above city and county level. Even the puppets are making no scruple of saying the war game involving civilians will be an exercise "simulating a war against the northern half of Korea."

Last year the United States and the South Korean warmaniacs, when starting "Ulchi Focus Lens" manoeuvre, announced that it was designed to fill "vacuum" caused by the suspended "Team Spirit" joint manoeuvres. Judging from this, the projected exercise is a revised version of the "Team Spirit" manoeuvres, one more dangerous nuclear test war for a surprise attack on the northern half of Korea.

We take a serious view of the fact that even after the publication of the historic agreed framework between the DPRK and the U.S., the U.S. warmaniacs continue staging joint manoeuvres of various names in place of "Team Spirit" war gamble in league with the South Korean puppets, rendering on purpose the situation on the Korean peninsula strained.

The Kim Yong-sam group must look squarely at the situation, immediately stop the wildcat war racket. The United States must renounce the anachronistic policy of "strength" and live up to the spirit of the DPRK-U.S. agreed framework.

We are always ready to mete out a thousandfold punishment to the provokers.

'Frequent War Games Bring War'

SK3107123995 *Pyongyang Radio Pyongyang Korean to South Korea 0900 GMT 29 Jul 95*

[Dialogue between station reporters No Myong-hwa and Ko Chang-ho: "On Dangerous War Exercises for Northward Aggression"]

[FBIS Translated Text] [No] How are you?

[Ko] How are you?

[No] As you know, the South Korean puppets and the United States proclaimed to the world they will conduct the Ulchi Focus Lens '95 joint military exercise beginning 21 August. The puppets audaciously said the 10-day war exercise is a so-called command post exercise that lacks any mobilization of troops and equipment, advertising it as though the military exercise is not dangerous at all. This is merely poor sophism to

conceal the aggressive and provocative nature of the Ulchi Focus Lens '95 war exercise.

[Ko] That is correct. It is obvious to everyone that the South Korean puppets do not have any reason and excuse to justify their illicit union with foreign forces to conduct war exercises. On the occasion of the 50th anniversary of the fatherland's liberation, we are exerting every effort to hold a magnificent joint Grand Festival for National Reunification that will be participated in by all Koreans in the North, South, and overseas. Particularly, we are waging a pan-national struggle for the entire nation to unite and mark a turning point to achieve reunification in the 1990's. At such a time, the Kim Yong-sam ring proclaimed its intention to conduct a war exercise against its compatriots, in combination with foreign forces. This is against the nation's desire for reunification; it is a vicious challenge and provocation against us.

[No] Yes. As the entire world knows, the Ulchi Focus Lens '95 joint military exercise is not a defense exercise, but in every way is an extremely dangerous war game of northward aggression aimed at the northern part of our Republic. In connection with the war exercise, the spokesman for the puppet Defense Ministry said some 50,000 troops of the puppet army; 16,000 troops of the Eighth U.S. Army occupying South Korea; and all administrative units at city, county, and higher levels will participate in the war exercise. The puppets do not try to conceal that the war exercise, in which even U.S. regiments are mobilized, is for a simulated war with the North.

[Ko] As I recall, when U.S. and South Korean bellicose elements conducted the Ulchi Focus Lens joint military war exercise last year, they advertised the exercise as a way to fill the vacuum created by the suspension of the Team Spirit joint military exercise. Thus, the upcoming Ulchi Focus Lens '95 joint military exercise is a duplicate of the Team Spirit joint military exercise, another extremely dangerous preliminary nuclear war aimed at a surprise attack on the northern part of our Republic.

[No] Right. The ultimate nature and danger of the Ulchi Focus Lens '95 joint military exercise is too apparent and extreme for the U.S. and South Korean war maniacs to put up a signboard calling it defensive. Even at this moment, the U.S. imperialists and South Korean puppets have for nearly a month conducted a war exercise for northward aggression dubbed Freedom Banner '95, doing so near Pohang in North Kyongsang Province. Facts again show that the Kim Yong-sam ring is an anti-reunification and splittist group of dangerous war maniacs who oppose national reconciliation, cohesion, and

reunification, all the while heading toward confrontation and war. In other words, as long as a war maniac like Kim Yong-sam is left intact in South Korea, our nation cannot avoid the calamity of war, not to mention achieve peace and reunification of the country.

[Ko] That is correct. Frequent clouds bring rain; frequent war games bring war. The rascals' adventurous war commotion is making the situation on the Korean peninsula more dangerous every moment. In the event war erupts on the Korean peninsula, it will no doubt be a nuclear war [haek chonjaeng]. If a nuclear war breaks out on the Korean peninsula, the entire land will become a wasteland, and our people in the North and South will face an irrevocable nuclear calamity. What greater shame and crime there will be if officers and men of South Korean Armed Forces, who are strong young men of Korea, are driven to the war exercise of northward aggression that will inflict nuclear calamity on the country and nation?

[No] That is correct. The officers and men of the South Korean armed forces should not allow themselves to participate in the Ulchi Focus Lens '95 joint military exercise that promotes fratricidal war. (Our people) in the northern part of the Republic do not want to fight them like enemies [words indistinct]. This being the situation, the officers and men of the South Korean Armed Forces should not follow the orders of foreign forces and the Kim Yong-sam puppet clique, which run crazy engaged in war exercises of northward aggression.

[Ko] That is correct. Following the rascals' orders and continuing to participate in the war maneuvers is an antinational criminal act that will ruin themselves and lead to shameful deaths. If the officers and men of South Korean armed forces truly love their country and nation, they should not participate in the war exercise, which forces them to level rifles at compatriots, but should side with the people, their beloved parents, and their brothers, and should turn their bayonets toward the foreign forces and the Kim Yong-sam puppet clique.

[No] This concludes today's dialogue.

Cancellation Urged

SK3007084095 *Pyongyang KCNA in English*
0829 GMT 30 Jul 95

["The U.S., South Korea Urged To Cancel Reckless Military Exercise" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 30 (KCNA) — MINJU CHOSON today urges the South Korean warmaniacs and the United States to promptly cancel the projected joint military exercise Ulchi Focus Lens

95, branding it as a large-scale premeditated rehearsal against the North.

The analyst says:

At a time when all the fellow countrymen in the North, the South and overseas are turning out in a grand reunification march with a view to making a breakthrough for the reunification in the 90s, the Kim Yong-sam group announced the plan to stage an anti-North exercise. This is an unpardonable challenge to the nation.

The Kim Yong-sam group is making desperate efforts to lift itself out of its catastrophic crisis in such a way as igniting a war against the North in league with outside forces. This is, however, a foolish attempt.

The analyst further says:

The South Korean bellicose elements must cancel the projected adventurous war game at once, clearly mindful that war will bring themselves to destruction.

Now when a framework agreement was adopted between the DPRK and the U.S. and is now being implemented, the U.S. bellicose circles plan to stage a large-scale war gamble with the South Korean puppets. This is a high-handed act which renders the situation of the Korean peninsula strained and drives it to the brink of crisis, breaking its promise.

If the U.S. truly wants to remove the hostile relations with the DPRK and ensure peace on the Korean peninsula, it, instead of staging military exercises against the DPRK, must immediately accept the proposed new peace-keeping system in place of the old armistice system.

CPRF Decries South's Military Exercises

SK2907044695 *Pyongyang KCNA in English*
0417 GMT 29 Jul 95

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] issued information No. 690 Friday condemning the military exercises and provocations by the South Korean puppets.

Recalling that the South Korean puppets have illegally brought thousands of armed soldiers and scores of lethal weapons into the Demilitarized Zone area South of the Military Demarcation Line in July alone, the information said:

They have also started a joint military exercise Freedom Banner 95 involving huge combat equipment and aggression forces.

On July 27, the day when the armistice agreement was concluded in 1953, the South Korean puppet Defense Ministry announced that anti-north joint manoeuvres dubbed Ulchi Focus Lens 95 will be staged from August 21 to September 1 with the participation of 16,000 U.S. troops and more than 50,000 puppet army soldiers.

Such military moves committed with the approach of the 50th anniversary of the country's liberation are an open challenge to the whole nation's desire for peace and peaceful reunification of the country.

The information further said:

Now the South Korean puppets are trying to lift themselves out of predicament by whipping up a war fever and increasing tension. This is, however, a foolish daydream.

All the Koreans in the north, South and overseas will never tolerate the South Korean puppets who are objecting to reunification and disturbing peace.

The South Korean authorities must stop running wild and promptly discontinue adventurous war gambles and provocations against the North, clearly mindful that confrontation and war will result only in their doom.

New Peace Agreement To Replace Armistice Urged

SK2907054695 *Pyongyang KCNA in English*
0507 GMT 29 Jul 95

["Truth Cannot Be Concealed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — News media of the U.S. and some other Western countries are nowadays spreading rumours to cover up and whitewash the aggressive nature of the last Korean war.

Commenting on this, NODONG SINMUN today says:

As the world admits, the last Korean war was, to all intents and purposes, a war of aggression provoked by the U.S. against the Korean people.

An attempt to distort the hard fact which no one can deny, is a mockery of human conscience and a shocking crime.

The analyst further says:

Far from drawing a proper lesson from their defeat in the Korean war, the imperialists and reactionaries are making every conceivable effort to isolate and stifle our Republic that is moving forward under the uplifted banner of socialism.

The U.S. warmaniacs have kept tens of thousands of aggression forces as well as nuclear weapons in South Korea. They in league with the South Korean

puppets often stage war games against the northern half of Korea. They also held an unveiling ceremony of the "Monument to the Korean War" with a view to concealing their true colors as war provokers and spreading anti-DPRK idea in the U.S. society. In doing so, they seek to realise their aggressive design, which they could not do in the past.

Peace cannot be guaranteed only with the efforts of a belligerent side.

The only way to prevent a war in the Korean peninsula is to replace the Armistice Agreement with a peace one and set up a new peace mechanism.

Preservation of peace in the Korean peninsula depends on the attitude of the U.S.

We, though we value peace, do not beg for it at all.

Some Western media should no longer be disgraceful waiting women of the imperialist aggressors.

The U.S. warmaniacs should clearly know that they can get nothing from aggravating the situation on the Korean peninsula, and act with discretion.

'Only Way To Prevent War'

SK3007023895 *Pyongyang Korean Central*
Broadcasting Network in Korean
1223 GMT 29 Jul 95

[Commentary: "Truth Cannot Be Misled"]

[FBIS Translated Text] Recently, some other Western media, including the United States, are spreading public opinion that misleads and beautifies the aggressive character of the past Korean war. Such an act cannot be amazing, but we have no alternative but to regard it as an problem because they deny truth and distort history.

As recognized by the world, the past Korean war was a war of aggression thoroughly waged by the United States against our people. Under the foolish daydream to do away with our Republic, the United States conducted a large-scale aggression of arms against the northern half of our Republic.

The United States even introduced 15 countries' armies following the U.S., stealing the name of the UN, and exercised the most brutal and vicious war methods that had never shown in the history of war. However, the imperialist aggressors were not able to defeat our people.

By displaying the mass-oriented heroism and peerless spirit of sacrifice, our people and officers and men of the People's Army dealt a deadly blow to the imperialist

aggressors and ended the war with victory. Thereby, our people have firmly defended the nation's dignity and sovereignty, greatly contributing to maintaining peace and security in the Asia-Pacific region and the rest of the world.

Truly, the past Korean war was the just war of liberation that vigorously displayed our people's heroic wisdom and talent throughout the world, and that brought about the beginning of decline for the imperialism for the first time in history. No one cannot deny this fact. Some Western media's attempt to beautify the war of aggression by the imperialists is to mock at consciousness of the mankind. Therefore, it cannot but become a greatly sinful act.

The imperialists and reactionaries are now making every efforts to isolate and stifle our Republic, which is advancing by upholding the socialist banner, instead of learning lessons from their defeat in the Korean war. The U.S. warmaniac circles have frequently conducted the northward invasion war exercises with the South Korean puppets, deploying tens of thousands of troops of aggressions in South Korea, including nuclear weapons. Even they have committed an act of holding the so-called ceremony to unveil the Korean war monument, hiding their color as the war igniters and making efforts to inspire the sentiment against our Republic throughout the U.S. society.

Their intention is to surely achieve the ambition of aggression they failed in the past. Because of their frantic war exercise commotions, the situation on the Korean peninsula has plunged into the dangerous phase. Relations between us and the United States remain hostile. Now, even the organization to supervise the cease-fire [chongjon kamsigigu] — which had existed formally — no longer exists in North and South Korea.

Peace cannot be guaranteed only by one belligerent party's efforts. The only way to prevent war on the Korean peninsula today is to replace the Armistice Agreement with a peace agreement, as well as to establish a new peace mechanism. If the new peace mechanism is established, the long-existed hostile relations between us and the United States will be dispelled and good relations between the two countries will be established.

Needless to say, this will create a climate favorable to securing peace on the Korean peninsula. The maintenance of peace on the Korean peninsula depends on the U.S. attitude. No matter how important peace may be, we will never beg for it.

Some Western media should no longer commit an act of shameful servant of the imperialist aggressors. The U.S. warmaniac circles should clearly be aware that they

cannot get anything from the Korean peninsula after aggravating its situation and act with discretion.

More on South's Reaction to Kwangju Decision

Lawyers Reject Decision

SK3107111295 *Pyongyang KCNA in English*
1033 GMT 31 Jul 95

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — Dissident lawyers of South Korea held that the murderers should be judged, saying that the prosecution's decision not to charge the murderers of the Kwangju incident is a political judgement, not a legal judgement, according to a radio report from Seoul.

At a forum on the prosecution's unjust decision which was sponsored by the Bar Association of South Korea on July 28, Ho Yong, a professor of the Law College of Yonsei University, refuted the argument that "the seizure of 'power' by a rebellion cannot be judged".

A lawyer Pak Un-sun in his speech said that the prosecution's decision not to charge the murderers is as good as not incriminating a coup d'etat. A special system of prosecution should be introduced, he noted.

Another lawyer Yi Sok-yon also said the prosecution's assertion that "success in the birth of a new 'regime' is not a target of judicial examination" can never be accepted.

CPRF Condemns Decision

SK3107075295 *Pyongyang KCNA in English*
0514 GMT 31 Jul 95

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — An increasing number of South Korean people are bitterly condemning the "civilian" fascist clique for its decision not to bring those responsible for Kwangju massacre to trial.

The secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] Saturday [29 July] released Information No. 691 in this regard.

The South Korean puppet prosecution, in a "result of general investigation" into lawsuits against those responsible for the military crackdown on the May 18 Kwangju uprising for democracy, announced a decision not to charge the traitors Chon Tu-hwan and No Tae-u and all other chief culprits, claiming that the May 17 fascist violence and the Kwangju massacre are things that might occur in the "process of political changes" and so they "could not be targets of legal actions."

The information denounces the decision as one more unpardonable fascist violence such as claiming inno-

cence of the human butchers, fascist murderers who killed Kwangju uprisers for democracy in cold blood.

It further says:

As the world knows, the Kwangju massacre was an unheard-of brutal killing of fellow countrymen; Chon Tu-hwan and No Tae-u gangsters, manipulated by the U.S. imperialists behind the scene, mobilised the "airborne commandos" addicted to hallucination and tanks, warplanes and even missiles to massacre thousands of Kwangju citizens who were calling for democracy.

Upset by the demonstrations of South Korean dissident organisations and students which are gaining stronger momentum as the days go by, the puppet ruling quarters have contended that they "were not involved" in the investigation by the prosecution into the lawsuits against those responsible for the Kwangju bloodbath and that the decision not to charge them with the killing was "an independent judgement by the prosecution". They have also taken "steps to reinforce security around the houses of the traitors Chon and No and let loose riot police to fire tear gas at the demonstrators and arrest a number of protesters. [quotation marks as received]

On July 22 alone, the puppets whisked away some 30 representatives from organisations related to the Kwangju uprising for democracy.

What can we expect from the incumbent rulers of South Korea who are leaving the murderers unpunished by hook or by crook, while handcuffing and ruthlessly prosecuting patriotic-minded people calling for independence, democracy and reunification?

There cannot be a limit to the period of the prescription concerning the thrice-cursed crimes committed by the traitors against the nation. And non-prosecution is unimaginable.

The present rulers of South Korea should immediately rescind the recent decision not to charge the murderers with Kwangju bloodbath and bring to trial of history Chon Tu-hwan and No Tae-u and 56 other Kwangju murderers as demanded by the people.

Citizens Rally Against Decision

*SK3007081995 Pyongyang KCNA in English
0805 GMT 30 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 30 (KCNA) — Some 2,000 citizens and students affiliated with the national committee for inheriting the spirit of the May 18 Kwangju popular uprising and probing the truth held a rally in Seoul on July 28 in demand of the immediate prosecution and punishment of those responsible for the

Kwangju massacre, according to a radio report from Seoul.

They denounced the puppet authorities' decision not to bring those responsible for the May 18 Kwangju massacre to trial as a criminal act of trampling down the desire of the people and democracy and strongly demanded the authorities to institute a special law and indict all of them.

They condemned the Kim Yong-sam regime for cracking down by force the demand of the people for the nullification of the disposition not to institute a public action and vowed to conduct a movement for the resignation of the regime.

North-South Students Meeting Held in Kwangju

*SK2907102295 Pyongyang KCNA in English
1013 GMT 29 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — A joint students meeting sponsored by the Kwangju and South Cholla Provincial Federation of General Student Councils (Namchongnyon) in South Korea and the North Pyongan Provincial Student Committee in North Korea was held at Chonnam National University in Kwangju on July 27 for legal action against May murderers of Kwangju people and conclusion of a peace agreement, according to a report.

Speakers at the meeting said that the parties of the conclusion of a peace agreement is the DPRK and the United States. Kim Yong-sam's "government" argues that "a peace agreement should be established between the North and the South" but it is an anti-national and anti-reunification sophism to continue military confrontation between North and South and to perpetuate the U.S. military presence in South Korea.

Noting that there is no period of prescription for the May 18 Kwangju murderers, the speakers strongly demanded the immediate punishment of the murderers.

A "North-South students joint resolution for conclusion of peace agreement and realisation of August 15 meeting" was adopted at the meeting.

The resolution urged that the United States should respond to the negotiation for the conclusion of a peace agreement, stop all the military intervention moves and withdraw their forces from South Korea.

The resolution noted that building of a reunified country is a current of the era and is an important task which the nation must certainly fulfil. It called for a grand march toward the August 15 common national event for the reunification of the country in the 90s.

Planned Reunification Festival Described

*SK3107104295 Pyongyang KCNA in English
1030 GMT 31 Jul 95*

["Grand National Reunification Festival To Make Breakthrough in Reunification in the 90s" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — NODONG SINMUN Sunday [30 July] in a signed article says the forthcoming August 15 Grand National Reunification Festival is a big gathering for reunification which is being prepared by the concerted efforts of non-governmental organisations in the North, South and overseas, out of the urgent desire of the fellow countrymen to promote national reconciliation and unity and to make a breakthrough in reunification in the 90s at any cost this year marking the 50th anniversaries of Korea's liberation and national division.

The festival, the first of its kind in the history of national division spanning 50 years, will be an occasion for reconciliation and unity of the whole nation, a chapter of history which will confirm that the Korean people is a nation which does not want to live separated any longer and a great event in which the advent of a new era of reunification will be declared, the article says, and continues:

Those who want to bring about an early reunification in the 90s, irrespective of residence, occupation and ism, should give top priority to the common cause of the nation to hold with splendor the Grand National Reunification Festival marking the 50th anniversary of national liberation and make a breakthrough in the reunification of the country, and exert every possible effort for its successful convocation.

It is a prerequisite for a successful festival to frustrate manoeuvres of the splittists at home and abroad who are laying obstacles to the festival, with the united efforts of the nation.

No sooner had the joint agreement of the festival preparatory committees in the North, South and overseas been published than the Kim Yong-sam group blared that they would not allow a joint ceremony at Panmunjom as they already stated.

For the Koreans in the North, South and overseas to sit together with a view to expressing their unanimous desire and aspiration for reunification is not an affair which needs anyone's permission.

If the South Korean authorities have a least interest in national unity and reunification and if they have an iota of national conscience, they should not block the reunification-related festival planned by the non-

governmental organisations with a view to realising the desire of the Koreans, who have suffered from division for half a century.

No matter what desperate efforts the splittists within and without may make, they cannot bar the fellow countrymen's grand march to the festival, the article stresses.

South's Ban on Reunification Festival Denounced

CPRF Spokesman Comments

*SK3107051195 Pyongyang KCNA in English
0453 GMT 31 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — The spokesman of the Committee for the Peaceful Reunification of the Fatherland [CPRF] denounced in a statement on July 30 the South Korean rulers for not allowing the nationwide celebration of August 15 liberation, saying it is a grave challenge to the nation's desire for reunification.

The spokesman noted that this clearly shows they are the most vicious separatists of the nation who are afraid of and block contacts of political parties, organizations and figures of various social strata in the North and the South, with no intention for the reunification of the country.

He continued:

While giving lip-service to "inter-Korean dialogue," they are not allowing even a joint festival of political parties, organizations and figures of the North and the South at Panmunjom, the first of its kind in 50 years. This lacks logic and only clearly reveals their hypocrisy in crying for "dialogue".

No one can block the grand national reunification festival of all the fellow countrymen, who are firmly convinced of the justness of their cause.

Those going against this cannot escape from a stern judgement by the nation.

Pomminnyon Decries Ban

*SK3107104695 Pyongyang KCNA in English
1037 GMT 31 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — The overseas headquarters of the National Alliance for the Country's Reunification (Pomminnyon) made public a statement on July 28 denouncing the South Korean authorities for scheming to frustrate the August 15 Grand National Reunification Festival in Panmunjom.

The South Korean authorities on July 22 let a spokesman for the "National Unification Board" [NUB]

announce again their stand that they will not allow the August 15 joint events in Panmunjom, the statement said, branding it as an anti-national behaviour fully ignoring the desire of the fellow countrymen for reunification.

It stressed: If the South Korean authorities continue maintaining the "National Security Law" and suppressing the nongovernmental reunification movement by clinging to the confrontation policy against the North while talking about compatriotic feeling and unification, they will face a stern historical judgement by the 70 million fellow countrymen.

They must discard the anti-national, anti-reunification attitude as soon as possible and help as much as possible toward a successful holding of joint national events to be held on August 15.

We strongly urge the South Korean authorities to fully ensure the freedom of the nongovernmental reunification movement including Pominnyon.

Pak Yong-kil Ends Visit, Returns to South

Visits Kumsusan

SK3107001995 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 30 Jul 95

[FBIS Translated Text] Mrs. Pak Yong-kil, chairman of the 70 million Korean people's meeting for embracing national reunification and co-chairperson of the family movement for realizing democracy in South Korea who is Christian presbyter and the widow of Reverend Mun Ik-hwan, visited the Kumsusan Memorial Palace on 30 July where the great leader President Kim Il-song is preserved in state, and paid her respects to the respected president.

Chong Kyong-mo, a Japan-resident Korean who is the representative of a magazine SSIARUI HIM, attended with her.

Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly, was also on hand.

Mrs. Pak visited this place prior to her return to South Korea. With a sense of solemnity as she looked up at President Kim Il-song's standing statue, she paid her respects to the great leader President Kim Il-song, the sun of the nation and the lodestar of national reunification who dedicated everything to the liberation of the fatherland, to happiness of the people, to the nation's reunification and to independence of the whole world.

Following this, Mrs. Pak paid courteous greetings to the respected president who retains the same appearance while in life.

Mrs. Pak wrote in the guest book as follows: Respected president, you passed away when the spring was brought into full bloom after overcoming all kinds of difficult crises for 80 years of your life. However, you left achievements that will shine more brightly in the future for all the generations.

Pak Yong-kil, who visited here on 30 July 1995 on the first year anniversary of President Kim's death, dedicates this word.

Attends Farewell Party

SK3007064195 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 29 Jul 95

[FBIS Translated Text] A farewell party arranged by the great leader [yongdoja] Comrade Kim Chong-il for Pak Yong-kil, wife of the late Reverend Mun Ik-hwan, representative of the Group for Greeting Reunification by 70 Million Fellow Countrymen, co-chairman of the Council of the Family Movement for Achieving Democracy, and a presbyter; was held at the banquet hall of the Mansudae Arts Theater on 29 July.

Mrs. Pak Yong-kil, and Chong Kyong-mo, a Korean resident in Japan and representative of the magazine SSIARUI HIM, were invited to the party. Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly; Yu Mi-yong, chairman of the Central Guiding Committee of the Chondoist Chongu Party; Yo Yon-ku, chairman of the Central Committee of the Democratic Front for the Reunification of the Fatherland; Paek In-chun, chairman of the Central Committee of the General Federation of the Unions of Literature and Arts; Kim Yong-ho, vice chairman of the Central Committee of the Korean Social Democratic Party; Paek Nam-chun, director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland; Chang Chae-chol, chairman of the Korean Religionists Association; Pak Tae-ho, chairman of the Central Committee of the Korean Buddhist Federation; (Yi Chon-in), secretary of the Central Committee of the Korean Christians Federation; and other functionaries concerned, participated in the party.

Chairman Kim Yong-sun gave a speech at the party. He said that today's significant occasion is an honorable and happy one personally provided by the respected and beloved General Kim Chong-il, who is a distinguished leader [(yongdoja)] of our nation, to Mrs. Pak, who is returning home after making great contributions in the sacred cause for the fatherland's reunification.

He said that when Rev. Mun Ik-hwan visited Pyongyang he had a significant meeting with the great leader [suryong] and returned home after receiving a precious teaching. Thus, until the last moment of his life, Rev. Mun resolutely fought for the fatherland's reunification. This showed our integrity toward the nation's leader [yongsu] and our nation's unchanging faith in the reunification cause, and it was a splendid undertaking that brilliantly decorated the reunification movement history. He also said that Mrs. Pak, who visited the bier of the great leader in mourning clothes which she wore from Seoul, was a patriotic undertaking reflecting the consistent minds of the South Korean people.

He stated that the respected and beloved General Kim Chong-il who is just like the fatherly leader in ideology and virtue, warmly welcomed Mrs. Pak with the feeling of when the fatherly leader met Rev. Mun Ik-hwan and gave a precious teaching, and embraced the benevolence to Mrs. Pak the fatherly leader had given to Rev. Mun Ik-hwan.

He went on to say that currently the South Korean authorities are openly babbling that they will exercise judicature when Mrs. Pak returns home. This only consolidates Mrs. Pak's and all of our faith for the fatherland's reunification. At this time when we bid farewell to Mrs. Pak, who is leaving for the South side where fascism is prevailing, the people of the North cannot refrain from sadness and worry.

He said that we will observe the handling of Mrs. Pak by the South Korean authorities, and will actively support and encourage all our strength in the sacred patriotic struggle of the South Korean people for the fatherland's reunification.

Mrs. Pak Yong-kil gave a speech at the party. She first said that she was happy over the fact that she had the opportunity to come to Pyongyang to participate in the memorial ceremony and pay respects on the first anniversary of President Kim Il-song's death. She said that she deeply engraves in her heart her meeting with General Kim Chong-il on 8 July — the opening of the Kumsusan Memorial Palace — and that she repeatedly thanks General Kim Chong-il for having made it possible for her to find her mother's grave and visit there after 53 years.

She said that when she saw the people welcoming her on the roadsides waving their hands, she felt deep brethren love. She said that while here she saw many things, learned very much, and understood many things, and is grateful that she is returning home embraced with the enthusiasm for reunification in her heart.

Enters South via Panmunjom

SK3107105795 *Pyongyang KCNA in English*
1050 GMT 31 Jul 95

["Pak Yong-kil Goes Back Through Panmunjom" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — Presbyter Pak Yong-kil, widow of Rev. Mun Ik-hwan, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the Family Movement for Realising Democracy in South Korea, went back to South Korea through Panmunjom this afternoon.

She was accompanied to Panmunjom by Chairperson of the Central Guidance Committee of the Korean Chondoist Association Yu Mi-yong, Presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland Yo Yon-Ku and chairman of the Korean Religionist Council Chang Chae-chol.

Japan-resident Korean Chong Kyong-mo, representative of the Magazine SSIALUI HIM, accompanied her to Panmun House.

Crossing Described

SK3107132795

[FBIS Editorial Report] Pyongyang Central Broadcasting Network in Korean at 1200 GMT on 31 July carries a 7-minute report describing Pak Yong-kil's crossing to the South at Panmunjom. Pak Yong-kil, the widow of the late Reverend Mun Ik-hwan, entered North Korea on 28 June without receiving ROK Government approval.

The report begins with interviews from people gathered at the scene to bid farewell to Pak Yong-kil. The interviewees deplore national division and demand that the South Korean authorities do not arrest Pak.

The announcer then describes the scene within the southern sector of Panmunjom, where nobody is present to welcome Pak Yong-kil. The announcer reports on the parting scene "between Pak Yong-kil and Yu Mi-yong, chairman of the Central Guidance Committee of the Korea Chondoists Association; Yo Yon-ku, member of the Presidium of the Democratic Front for the Reunification of the Fatherland; and Chang Chae-chol, chairman of the Korean Religionists Council."

The announcer reports that Pak Yong-kil crossed the Military Demarcation Line at 1540 [0640 GMT] while the group bidding farewell to her continued to sing reunification songs until Pak was out of sight. The announcer concludes the report by reaffirming the Korean people's determination to achieve reunification.

South Warned Against Arresting Pak Yong-kil

SK3007064095 *Pyongyang Korean Central
Broadcasting Network in Korean*
2100 GMT 29 Jul 95

[Statement issued by the Committee for the Peaceful Reunification of the Fatherland, the Central Committee of the Democratic Front for the Reunification of the Fatherland, the General Federation of Trade Union of Korea, the League of Socialist Working Youth of Korea, the Union of Agricultural Working People of Korea, the Korean Democratic Women's Union, and the Korean Religionists Council in Pyongyang on 29 July]

[FBIS Translated Text] Various social organizations in the Republic issued the following statement concerning the return to South Korea via Panmunjom of Mrs. Pak Yong-kil, widow of Reverend Mun Ik-hwan, chairwoman of 70 million Korean people's meeting to greet reunification, co-chairwoman of the family movement to achieve democracy in South Korea, and presbyter, who visited Pyongyang to respect the fatherly leader's memory on the occasion of the first anniversary of the great leader Comrade Kim Il-song's death.

The joint statement reads:

Mrs. Pak Yong-kil, chairwoman of the 70 million Korean people's meeting to greet reunification and co-chairwoman of the family movement to achieve democracy in South Korea, and presbyter, who visited the Republic to respect the leader's memory on the occasion of the first anniversary of the great leader Comrade Kim Il-song's death, will return to South Korea via Panmunjom at 1500 [0600 GMT] on 31 July.

Mrs. Pak Yong-kil's visit to Pyongyang is very just and patriotic, judging from the national courtesy and ethics and morality in which people respect the father of the nation, or from the national unity and reunification.

Now, the people in the northern half of the Republic are unanimously pleased that Mrs. Pak Yong-kil paid a deep respect to the great leader President Kim Il-song's memory after visiting Pyongyang with an advanced age, and that she then returns to South Korea after having the honor of being received by respected and beloved General Kim Chong-il. They wish that she can safely return to home.

Nevertheless, the South Korean authorities are now openly disclosing an attempt to arrest her at Panmunjom, preposterously taking issue with her visit to Pyongyang. The South Korean fascist authorities have not only kicked up commotions of issuing the prior warrant of arrest by saying that her visit to Pyongyang is a violation to the so-called North-South Exchange and Cooperation Law, but also made an absurd remarks that

it will be subject to the crimes of infiltration, escape, stimulation, and praise specified in the National Security Law, committing an act of sending police investigators to Panmunjom.

Such an ravish and reckless behavior by the South Korean authorities arouse all fellow countrymen's rising indignation who wish for Mrs. Pak Yong-kil's safe return. How can it be a crime if she comes to the northern land where the same fellow countrymen live! Furthermore, how can it be an object of punishment that she had respected the father of the nation!

Suppression and prosecution upon Mrs. Pak Yong-kil will be just the challenge to our Republic. Therefore, if the South Korean authorities unreasonably arrest Mrs. Pak Yong-kil, this will be an anti-humanistic evil deed, adding new crimes to the all-time heinous crimes committed by them during the period of condolence last year.

If the South Korean authorities challenge the dialogue party with an evil deed, while talking about dialogues with the same fellow countrymen, such an act will drive North-South relations into the more serious confrontational phase and, finally, brining about destruction to them. We have always and mercilessly confronted with people who prosecute and suppress the messenger of reunification, fighting with a knife for a knife.

The South Korean authorities should know that the National Security Law or jurisdictional procedures are not everything. We will watch the South Korean authorities' attitude. If they arrest Mrs. Pak Yong-kil on her way back home, we will, in the name of the whole nation and the human morality, make them pay an expensive price of the hundredfold and thousandfold for it after strictly calculating their crimes. We are convinced that the South Korean reunification and democratic organizations and people throughout the country will warmly greet and protect Mrs. Pak Yong-kil who returns to home after completing her just activities for the country and nation, and that they will never forgive the people who want to threaten her safety.

[Signed] The Committee for the Peaceful Reunification of the Fatherland, the Central Committee of the Democratic Front for the Reunification of the Fatherland, the General Federation of Trade Union of Korea, the League of Socialist Working Youth of Korea, the Union of Agricultural Working People of Korea, the Korean Democratic Women's Union, and the Korean Religionists Council.

[Dated] 29 July 1995

Reaction to Cleric's 'Defection' Condemned

*SK2907042295 Pyongyang Radio Pyongyang
in Korean to South Korea 1300 GMT 28 Jul 95*

[Press Statement by spokesman for the Committee for the Peaceful Reunification of the Fatherland (CPRF) issued in Pyongyang on 28 July — read by announcer]

[FBIS Translated Text] As has already been reported, South Korean Christian Reverend An Sung-un came over to North Korea some time ago.

He was dispatched to the Yanbian area of China on a mission directed by the puppet Agency for National Security Planning [ANSP] to allure and kidnap cadres of the Republic, and was secretly carrying out his activities. However, in the course of meeting some persons from the North, he deeply reflected on his crime and gave up his mission of his own accord.

Fearing that his just act might be called to account by the puppet ANSP and his personal safety might be threatened, he made a courageous decision to defect to our Republic in order to survive.

The Rev. An Sung-un expressed deep emotions for the high appraisal of his defection as a patriotic act by a relevant organization in our republic. He is unable to repress surging curses and indignation against the South Korean puppets who once made him a disgraceful object for anti-republic slanderous maneuvers.

However, the South Korean ruling bunch, preposterously reversing black and white of late, is attempting to slander and harm our republic by claiming that the Rev. An Sung-un's courageous defection was abduction and so forth. This is a sophism that will not work with anyone.

A person is his own best judge in assessing the purpose and motives behind his own acts and a person is also his own most powerful witness.

By even overturning the clear position and attitude shown by the Rev. An Sung-un himself, after defecting to our republic, the South Korean ruling bunch is talking about a so-called abduction, etc. This is nothing but an act of wriggling committed in fear of exposing the criminal nature of its anti-republic slanderous maneuvers.

In many places of the world, including three provinces in Northeast China and the coastal area in Russia, the gangsters of the South Korea's puppet ANSP—disguised as diplomats, trade officials, missionaries, and reporters—recently approached our people working in these areas and forcibly induced and kidnapped more than 10 people to South Korea by resorting to all kinds of nasty methods. Thus, they have sinned against

God and man [chonin kongnohal pomjoerul kamaeng hayotta].

There is a proverb in our country, "a thief yells 'stop thief!'" The anti-communist commotions perpetrated by the South Korean puppets by raving about abduction and so forth are producing this very proverb.

With poor unreasonable maneuvers, one cannot conceal truth or reverse black and white. The South Korean ruling bunch is more frantically running amok of late with anti-republic slanderous maneuvers against us by mobilizing the puppet ANSP, the den of conspiracy and smear. This will only result in the act of chopping one's own feet with one's own ax.

We are watching the dishonest maneuvers of the South Korean puppets with a sense of vigilance.

We are holding the hilt of the dagger. We will never remain onlookers of the slanderous anti-republic maneuvers by the South Korean puppets who are attempting to damage the lofty international authority and dignity of our republic. The more they slander and harm us, the dearer the price we will make them pay.

We do not like to make empty remarks. The South Korean ruling bunch should correctly realize the weight of our warnings.

[Dated] 28 July 1995, Pyongyang

South Forms Group To 'Liquidate' Japanese Past

*SK2907053695 Pyongyang KCNA in English
0421 GMT 29 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The headquarters of the All-People Movement for the Liquidation of the Japanese Past was inaugurated in South Korea on July 26, according to a radio report from Seoul.

At an inaugural ceremony, the organisation adopted a resolution urging reparations to the victims including those who were drafted as "volunteers" and killed by the Japanese imperialists, and decided to conduct a one million signature campaign for its implementation.

Japan Using 'Brigandish Logic' on Nuclear Issue

*SK2907044995 Pyongyang KCNA in English
0426 GMT 29 Jul 95*

["Shameless Smoke-Screen Tactics" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The Japanese Government is now getting over-heated in anti-DPRK campaign, saying that the content of

urging us to sincerely implement the DPRK-U.S. agreed framework should be included in a statement of the chairman of the regional forum of the Association of Southeast Asian Nations (ASEAN) which is to be held in Brunei early in August, according to a report.

Lurking behind this is a cunning trick of Japan to make the ASEAN regional forum a theatre of attack on the DPRK with the "nuclear development issue of North Korea".

As to our "nuclear development" and the "regional security issue" raised by Japan, it is a brigandish logic like a thief crying "stop thief!"

It is not by fictitious "nuclear development" on our part but by the criminal moves of Japan which has long promoted the development of nuclear weapons with nuclear armament as a state policy that peace and security are not substantially kept in Asian region including the Korean peninsula. [sentence as received]

Japan started the development of nuclear weapons from 1943. This was made clearer by the recently discovered materials that the then prime minister of Japan Tojo directly ordered the general staff of the old Japanese Army to manufacture atomic bombs.

This irrefutable historical fact is verified by the confession of Tatsusaburo Suzuki, a leading scientist of the then atomic bomb development team and the testimony of Theodore McNelly, a former information analyst of the United States, on Japan's development of atomic bombs.

Nevertheless, Japan is making a noise about "nuclear development" of someone for the purpose of diverting elsewhere the attention of the world from its nuclear armament and stepping up its nuclear development under the smoke-screen.

The truth cannot be covered by smoke-screen.

Japan should not resort to brazen-faced acts but contemplate.

Military Sends PRC Defense Ministry Greetings

SK2907151295 *Pyongyang KCNA in English*
1506 GMT 29 Jul 95

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The Ministry of the People's Armed Forces of the DPRK sent a message of greetings to the Ministry of National Defence of China on the occasion of the 68th anniversary of the foundation of the Chinese People's Liberation Army.

The message said that the Chinese People's Liberation Army, born as the revolutionary Armed Forces of the Communist Party of China, performed brilliant

exploits for the independence of the country and for the freedom and liberation of the people and made a great contribution to the socialist modernizations.

The message expressed the belief that the servicemen of the fraternal Chinese People's Liberation Army will achieve greater success in the work to discharge the noble mission for the motherland and the people under the leadership of the Communist Party and the Central Military Commission of China.

Parties Urge UN To Disband Command

SK2907022195 *Pyongyang KCNA in English*
2148 GMT 28 Jul 95

[“New Peace Mechanism on Korean Peninsula Urged” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) The Workers' Party of Bangladesh, the Bangladesh National Socialist Party and six other political parties and organisations published a joint statement on the 20th anniversary of the resolution on the Korean affairs adopted at the 30th session of the United Nations General Assembly.

“We consider that the Democratic People's Republic of Korea's membership of the UN means that the hostile relations between the DPRK and the UN are put to an end,” the statement said, adding that the United States should accede to negotiation to disband the “UN Command” and put an end to the state of truce on the Korean peninsula as the resolution of the UN calls for negotiations to replace the armistice agreement by a peace agreement for peace on the Korean peninsula.

The statement hoped that the UN resolution will be implemented without delay and, thereby, the misfortune of the Korean people who are suffering from national division and confrontation will be [words indistinct] on Korean peninsula and Asia be ensured.

It expressed the belief that the Korean people would reunify the country in the 90s without fail under the wise guidance of the great leader Comrade Kim Chong-il.

World Trade Union Delegation Continues Visit

Discusses U.S. Troops in South

SK2907102195 *Pyongyang KCNA in English*
1008 GMT 29 Jul 95

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — The delegation of the World Federation of Trade Unions (WFTU) staying in the Democratic People's Republic of Korea visited Panmunjom on July 27 and

urged the withdrawal of foreign troops from South Korea.

WFTU President Antonio Neto said that he was enraged to see the division of Korea at first hand.

Why do the U.S. troops lord it over in South Korea, he asked, adding:

The United States is responsible for the division of Korea and for the tense situation on the Korean peninsula.

Declaring that the WFTU will always firmly stand on the side of the Korean people, he expressed the conviction that the Korean people under the wise guidance of the great leader Comrade Kim Chong-il would implement the behests of the great leader Comrade Kim Il-song and achieve the reunification of their country at an early date.

WFTU Secretary General Alexandr Jarikov said that he could hardly repress his astonishment to see the flag of the United Nations standing at the conference room of the former Military Armistice Commission.

He further said:

A resolution on the withdrawal of all the foreign troops stationed in South Korea under the flag of the United Nations was adopted at the 30th U.N. General Assembly session. However, the U.N. flag is still standing here in defiance of the resolution. This is a mockery of the international law.

Attends Solidarity Meeting

SK3107102095 *Pyongyang KCNA in English*
1010 GMT 31 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 31 (KCNA) — A solidarity meeting supporting the independent and peaceful reunification of Korea was held in Pyongyang on July 30.

It was attended by the members of the delegation of the World Federation of Trade Unions [WFTU].

Secretary General of the WFTU Aleksandr Jarikov in his speech recalled that events were recently held in all continents in the month of solidarity with the Korean people.

I wish the Korean people greater success in their struggle for a bright future and national reunification under the guidance of their leader Comrade Kim Chong-il, he said.

He declared that the World Federation of Trade Unions would always stand on the side of the Korean people

and workers in the struggle to put the cause of justice into practice.

President of the WFTU Antonio Neto said in his speech that they would further strengthen solidarity with the General Federation of Trade Unions of Korea and the Korean people in the struggle for the sovereignty and development of the country.

Ewa Szychalska, chairperson of the All-Poland Trade Unions Alliance, in her speech expressed respects to the exploits performed by the great leader Comrade Kim Il-song in the struggle for socialist construction and hoped that the great leader Comrade Kim Chong-il would creditably continue to carry forward the cause of President Kim Il-song.

Vice-President of the WFTU Djibril Diop said that the Korean peninsula must be turned into a nuclear free zone and the U.S. imperialist aggression forces must get out of South Korea, taking along their weapons.

Secretary of the WFTU Debkumar Ganguli referred to the movement organized for solidarity with the Democratic People's Republic of Korea.

He said that the Korean people and workers would in the future, too, enjoy active support and solidarity from the working class and trade unions of countries in Asia and the Oceania.

Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, said in his speech that after its foundation, the WFTU has invariably supported the struggle of the Korean people for the reunification of their country and expressed firm solidarity with it. We will always remember this, he added.

He further said:

The General Federation of Trade Unions of Korea and all its members will further strengthen friendship and solidarity with trade unions in many countries of the world in the idea of independence, peace and friendship and make positive contributions to the sacred cause of building a peaceful and prosperous, independent new world freed from domination and subjugation.

The statement of the WFTU was published at the meeting.

The delegation of the WFTU is enraged to see that the United States, in wanton violation of the Korean Armistice Agreement, keeps its troops in South Korea in the name of the "U.N. forces", introduced Patriot missiles in South Korea and staged ceaseless military provocations against the DPRK, and strongly denounces this, the statement said, and continued:

The DPRK proposed replacing the Armistice Agreement with a peace agreement and establishing a new peace-keeping system on the Korean peninsula.

The delegation of the WFTU actively supports this realistic and reasonable proposal.

It extends firm internationalist solidarity of the WFTU, its affiliated organisations and friendly organisations on the five continents to the Korean people and workers in the struggle to oppose all provocative moves of the imperialists, defend the gains of socialism and achieve the peaceful reunification of their country under the wise guidance of the great leader Comrade Kim Chong-il.

Kim Chong-il Recognizes Army-People Unity Work
SK2807042695 *Pyongyang KCNA in English*
0419 GMT 28 Jul 95

[FBIS Transcribed Text] Pyongyang, July 28 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the officials and workers of the Chaeryong Fisheries Cooperative in Chaeryong County, South Hwanghae Province, Chong Kang-il, instructor of the local Trade Guidance Department of the State External Economic Affairs Commission, Yi Cha-sun in Oksu-tong, Taean District, Nampo Municipality, and her family, Pak Myong-chol, chairman of the State Physical Culture and Sports Commission, and his brothers and sisters, the officials and workers of the Mass Gymnastic Display Production Group and others who gave full play to the traditional trait of the Army-people unity.

They firmly resolved to take the lead in assisting the People's Army in the future, too.

South Reporter Praises Kim Chong-il
SK2907104495 *Pyongyang KCNA in English*
1016 GMT 29 Jul 95

["Leader Kim Chong-il is Noble-Hearted Man" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 29 (KCNA) — Men of the press in South Korea are revering the great leader Comrade Kim Chong-il, according to radio Voice of National Salvation in Seoul.

Upon hearing the news that the opening ceremony of the Kumsusan Memorial Palace, where respected President Kim Il-song is preserved in state, solemnly took place in the presence of Comrade Kim Chong-il on July 8, a certain Hong said to junior journalists:

"It is a historic event that the leader Kim Chong-il cut a red tape to declare the inauguration of the Kumsusan Memorial Palace all over the world. Thus, the desire of

all people to preserve the legendary hero and peerless great man in state has been realised fully.

"Through the inauguration, I was attracted by the great humanity of the leader Kim Chong-il, who has a strong sense of faith and morality.

"I want to call the leader Kim Chong-il a noble-hearted man and a model of humanity, who has a noble personality and virtues on the highest plane.

"President Kim Il-song is immortal thanks to the leader Kim Chong-il."

Editorial Commemorates March 1st Movement
954C0142A *Pyongyang NODONG SINMUN*
in Korean 1 Mar 95 p 1

[Editorial: "Let Us Open a New Phase in the Reunification of the Fatherland With a Great, Nationwide March"]

[FBIS Translated Text] Today, we are celebrating the 76th anniversary of the March First People's Uprising in an environment in which all Koreans in the North, South and overseas are boldly rising to the nationwide struggle for the reunification of the fatherland. With one heart, they are determined to make this a deeply meaningful year in which a new phase in the reunification of the fatherland opens.

Early in the 20th century, Japanese invaders, concocting fraudulent documents such as the "Protectorate Treaty" and "Korea-Japan Annexation Treaty," illegally occupied Korea by force and set up a most savage system of colonial rule. They stole our people's basic rights and freedoms, haphazardly arresting, imprisoning, and slaughtering innocent people wherever they went. Our people's pent-up resentment and anger at the rapacious tyranny and wild atrocities of the Japanese imperialists finally exploded in a nationwide anti-Japanese uprising on 1 March 1919.

The historic March First Uprising was triggered by a mass anti-Japanese demonstration which took place in Pyongyang. On this day a multitude of over 100,000 people from every field and strata of society rose to take part in an anti-Japanese demonstration in Pyongyang, led by patriotic people and students cultivated personally by Kim Hyong-chik, the indomitable revolutionary champion and superior leader of our country's anti-Japanese, national-liberation movement. The demonstrating crowds loudly shouted the slogans, "Japanese people and military, go home!" and "Hurrah for Korean independence," bravely fighting, brushing aside the savage repression of the Japanese military and police. The anti-Japanese demonstration of the citizens of Pyongyang immediately swept across the entire nation. It

spread even to areas in foreign countries where Koreans were living, such as northeastern China, the Maritime Province of Siberia, and Japan.

The March First Uprising displayed the patriotic spirit and indomitable will of our people, who will not tolerate foreign aggressors infringing upon Korean dignity and sovereignty. It shook up Japanese colonial rule and had a great, stimulating influence on national-liberation movements worldwide. The March First Uprising left us with some stern lessons: if the masses of the people, the subjects of history, are to be victorious in the struggle for national independence and social progress, they must carrying out an organized struggle based on scientific strategy and tactics under the guidance of a superior leader; and they must fight counter-revolutionary violence with revolutionary violence.

The cherished desire of the whole Korean nation, thirsting for the appearance of a prominent leader to lead the anti-Japanese, national-liberation movement to victory was gloriously realized when the matchless patriot, the sun of his people, the respected leader Comrade Kim Il-song, bearing in his body the fate of his nation and people, stood at the head of the Korean revolution. Based on his profound analysis of the intrinsic weaknesses of our country's preceding nationalist and early Communist movements, the great leader Comrade Kim Il-song created the eternal chuche thought and brilliantly illuminated the path ahead for the Korean revolution. He gloriously achieved the great historical undertaking of national liberation, organizing and leading the bitter anti-Japanese struggle to victory.

Under the seasoned leadership of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il, our people established in this land a strong, autonomous, independent, self-defending socialist nation. Our people enjoy to their hearts content autonomous and creative lives under a most superior, people-centered socialist system in which the leader, party, and people are of one heart and one mind.

Seventy-six years have passed since the participants in the March First Uprising shed the blood of patriotism, fighting for national independence. It has been half a century since our country was liberated from Japanese colonial rule. However, the cherished desire of our people is still unfulfilled in one half of this nation; the people of South Korea are still mercilessly trampled beneath foreign colonial rule.

The Kim Yong-sam clique, which took power in South Korea under the banner of "civilian government," is a criminal group more anti-national and anti-democratic than the military dictatorship "regime" before it. During the last two years, the Kim Yong-sam clique has

ignored our generous proposals and the entire Korean people's desire for reunification. It has rushed on its way toward foreign dependence and flunkeyist betrayal of the nation, not national autonomy; toward North-South confrontation and fratricidal war, not peaceful reunification; toward anti-Communist Fascism and the permanent division of the nation, not national unity.

The dignity and interests of the nation have been completely trampled due to the anti-national foreign dependence and flunkeyist treachery of South Korea's rulers. All of South Korea has been further degraded to a market for the surplus agricultural products of foreign nations, to a "new military-strategy testing ground" of foreign powers, and to a dangerous hotbed of war.

The Kim Yong-sam clique has made detrimental revisions and has invoked wicked fascist laws and oppressive institutions, including the infamous "National Security Law" and "Agency for National Security Planning." Unsheathing the sword of "New Public Security Rule" under the "civilian" dictatorship and carrying out bloody repression against workers and farmers demanding autonomy, democracy, reunification power, and the right to live, they have turned all of the South into a wasteland of democracy, into a "zone of hatred and fear" in which "violence is rampant."

Conspiring with foreign powers, the traitorous Kim Yong-sam clique has frequently conducted exercises practicing an invasion of the North and, bringing up our "nuclear problem"—which does not even exist, has driven inter-Korean relations into a dangerous phase, talking about "military confrontation" and the "international-cooperation system." They went down the road of fascist oppression and betrayal, threatening at gunpoint the people's aching hearts instead of keeping the etiquette of mourning as members of the Korean nation, responding with one-sided dialogue to an unexpected accident befallen their fellow countrymen. They thus aggravated the inter-Korean relationship and brought to a complete halt all dialogue and contact between North and South, creating a more formidable barrier to the future of reunification.

This shows us the reality of the fact that, as long as the Kim Yong-sam clique is in power, the people of South Korea will never be able to get out from under foreign rule and subordination, and the democratic development of South Korean society, reconciliation, unity, and reunification of the Korean people will be unachievable.

Establishing the sovereignty of the people in South Korea and achieving the autonomous, peaceful reunification of the fatherland is the supreme national task set before the entire Korean people.

The great leader Comrade Kim Il-song gave the following instructions:

"We must accomplish without delay the great undertaking of reunifying the fatherland, realizing the never-changing, fervent desire of the whole Korean people, and we must leave to future generations a reunified fatherland."

This year is the 50th anniversary of national liberation and the 50th year since the Korean people were divided. The last instruction of the great leader was to accomplish the great task of reunifying the fatherland within this century.

Respecting the purpose of the great leader Comrade Kim Il-song when he was alive, in this year that is of great significance in the history of our people's reunification movement, we must promote the unity of the Korean people no matter what. We must open up an unshakable outlook by which it will be possible to achieve reunification in the 1990's, following the leadership of the great leader Comrade Kim Chong-il, the lodestar of fatherland reunification.

The "10-Point Program of National Solidarity for the Reunification of the Fatherland," framed and published personally by the great leader Comrade Kim Il-song, is a great constitution of national unity. Transcending differences in thought, ideology, and systems, it enables the whole nation to strongly unite as one, advancing the sacred task of national reunification.

Upholding the 10-Point Program of National Solidarity presented by the great leader, Koreans in the North, South, and overseas, from every field and strata of society, are now rising to the way of patriotism for national solidarity and the reunification of the fatherland, without regard to political opinion, party, affiliation, or property.

On 1 January, the joint secretariat of the Pominnyon [Pan-National Alliance for Reunification of the Fatherland], a patriotic, reunification-movement organization of Koreans living at home and abroad, published an appeal proclaiming 1995 the "Year of the March to Welcome Reunification [Choguk tongil majung taehaengjinui hae]," the first year of an era of reunification.

The Democratic People's Republic of Korea Association of Political Parties and Organizations also made an appeal to political parties, organizations, and Koreans from every field and strata of society living in South Korea and overseas. It called for a joint celebration on 15 August, the 50th anniversary of national liberation, and for a nationwide conference to decide on methods for reunifying the fatherland.

All Korean people in the North, South, and overseas are in an uproar, trying to make this a year for creating a turning point in the reunification of the fatherland. On 25 February, the southern headquarters of the Pan-National Alliance for Reunification of the Fatherland was formed in Seoul. Forming the core of an autonomous reunification movement of the patriotic people of South Korea, the Pominnyon's southern headquarters pledged to lead the struggle for national reunification, along with Koreans in the North and overseas.

The great leader Comrade Kim Il-song revealed to us the most reasonable and realistic means for reunifying the fatherland: the plan to establish the Democratic Confederal Republic of Koryo. Today, we can say that in fact a national consensus is forming in our country to the effect that a federal system based on the idea of one people, one nation with two systems and two governments is the most reasonable and just method of achieving reunification. In such an environment, if Koreans in the North, South, and overseas jointly celebrate this year's 50th anniversary of national liberation and a nationwide conference is convened, it will be an historic opportunity to display the firm will of the Korean people to decisively break with the half-century-old history of division and welcome an era of reunification. All Koreans, North, South, and overseas, of like mind concerning the realization of reunification in the 1990's, must firmly unite as one people under the values of the 10-Point Program of National Solidarity, transcending differences of party and affiliation, political opinion and faith. Each must make a distinctive contribution, in keeping with the conditions and environment he or she faces, to celebrating the 50th anniversary of national liberation as a turning point from which a new history of the creation of a united fatherland unfolds. They must hinder and break up the anti-reunification, confrontationist schemes of the ruling circles of South Korea and must continue to resolutely carry out their struggle to abolish all kinds of institutional and legal devices, including the "National Security Law," which stand in the way of contact, dialogue, and reunification between North and South Korea.

The road to reunification in the 1990's is not smooth. Although the way is strewn with obstacles and barriers, the realization of the great task of reunification is certain.

Upholding the great leader Comrade Kim Il-song's last instructions on reunification and progressing under the leadership of the lodestar of national reunification, the respected supreme commander Comrade Kim Chong-il, we people will reject the schemes of divisionists both within and without and make this a year of creating

breakthroughs for the realization of reunification in the 1990's.

Conditions as they have formed require that all party members and workers continually live and work in a state of alertness and readiness.

Uniting more solidly in the fold of the respected Comrade Kim Chong-il, the great leader, and creating a new upsurge in all areas of the revolution and construction, all party members and workers must make our country and fatherland more prosperous and powerful, enrich our masses-centered style of socialism, and make this, the 50th anniversary of the party's founding and of national liberation, a year of deepest significance in the history of our fatherland.

Power Plant Workers Strive To Boost Output

SK2807092795 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 27 Jul 95

[FBIS Translated Text] According to a report by station reporter Choe Un, party members and working class of the Kanggye Youth Power Station are vigorously kindling the fire of struggle to increase electricity production by highly upholding the party Central Committee slogans.

Electricity producers of the no. 3 power station work site of the three revolutions red flag are finding important methods to increase electricity production in the work to manage facilities and to manage hydrotechnical construction and water management scientifically and technically, and are concentrating strength there. They are fully operating all generating equipment in accordance with the conditions of the rainy season, thus, they are overfulfilling daily electricity production target by over 110 percent and moving forward with enthusiasm.

Production of Power Equipment Accelerated

SK2707132695 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 24 Jul 95

[FBIS Translated Text] The working class of the Taean Heavy Machinery Complex, one of the country's mighty production bases of machine equipment, is creating a new innovation in the production of large power generation facilities.

Setting a bold and ambitious target of completing the production of large power generation facilities, which usually takes over six months, in three months; they made a vigorous advance and attained success in producing parts from 150 to 200 percent faster than previously. Thus, as they pledged to the party, they are

confident that they will complete the production of the power generation facilities within three months.

Pyongyang Students Collect Scrap Iron

SK2607053995 Pyongyang Korean Central Television Network in Korean 1100 GMT 24 Jul 95

[FBIS Translated Text] Young students and school children in Pyongyang have collected scrap iron in large quantities and sent them to the Pyongyang Steel Plant in order to enrich and develop our country, which is led by the great leader [yongdoja] Comrade Kim Chong-il.

Making use of their spare time, they have collected scrap iron with the single mind to serve the country's economy. Thus, they visited the Pyongyang Steel Plant, loading the scrap iron they collected onto some 200 trucks. They greatly encouraged the working class in this plant who have vigorously risen up in steel production.

Workers Volunteer To Work on Socialist Farms

SK2807091995 Pyongyang Korean Central Television Network in Korean 1100 GMT 19 Jul 95

[FBIS Translated Text] Embracing boundless passion of having the great leader [suryongnim] in eternal state and overflowing with firm resolution to carry forth the respected and beloved leader's [suryong] behests under the wise leadership of the dear leader Comrade Kim Chong-il, Comrade Yi Kil-yong, instructor at the Korean Feature Film Studio, and artist Hwang Ku-pil voluntarily ventured to socialist farms.

With warm hearts to dedicate their everything to realize the party's agriculture-first policy, they, who have upheld the party's literary and art ideas and who have greatly contributed to producing revolutionary art films for the last 20 years, have left for Chiha cooperative farm in Pangyo County and Toone cooperative farm in Hwadae County, Kangwon Province, respectively.

Comrade Na Kyong-su who worked at the Reserve Materials Company in Hwanghae Province also voluntarily ventured to Naedong cooperative farm, Kangnyong County. He petitioned to venture into the rural area by saying that it is natural that he join a hard and difficult post without hesitation as a discharged youth soldier. Receiving a warm send-off by his colleagues, he left for the farm.

South Korea

North Opposes KEDO Deputy's Visit

SK2907010895 Seoul YONHAP in English
0049 GMT 29 Jul 95

[FBIS Transcribed Text] New York, July 28 (YONHAP) — North Korea showed a negative attitude towards a possible visit by the executive and deputy executive directors of the Korean Peninsula Energy Development Organization (KEDO) because one of them is South Korean, a diplomatic source here said Friday.

Choe Yong-chin, deputy executive director of KEDO, confirmed the North Korean rejection and said, "if North Korea rejects me, then the KEDO leadership's visit to the North will not be realized at all."

The executive director of KEDO is Stephen Bosworth from the United States, while the two deputy executive directors are Choe from Seoul and Umezu Itaru from Tokyo.

Choe said that North Korea showed the negative reaction through an informal channel, adding, "we will wait and see what North Korea's formal response is."

Executive Director Bosworth recently visited Pak Kil-yon, North Korean ambassador to the United Nations, and expressed his hope for the KEDO leadership's visit to North Korea.

Meanwhile, Han Song-yol, minister at the North Korean mission to the United Nations, told YONHAP that if a South Korean is included in the visiting party, then it will be difficult for the party to visit Pyongyang.

KEDO is scheduled to begin negotiations with North Korea for its light-water reactor supply to the North in August or September, after a 10-odd member KEDO specialist team returns from its visit surveying possible sites for the light-water reactor plant to be built.

Visit Called Off

SK2907065395 Seoul YONHAP in English
0648 GMT 29 Jul 95

[FBIS Transcribed Text] Seoul, July 29 (YONHAP) — Executive Director Stephen Bosworth of the Korean Peninsula Energy Development Organization (KEDO) will not pursue the planned visit to North Korea with his two deputies as the North recently refused to allow a South Korean KEDO deputy executive director in the North, according to a senior official Saturday.

Secretary General Choe Tong-chin of the office for planning for light-water reactor project said that Bosworth and his two deputies wanted to meet with their North Korean partners in the North to discuss with them the

nuclear reactor project on the occasion of Bosworth's inauguration as the KEDO chief.

Choe, however, said that the North has already agreed that a KEDO site survey team, which will be dispatched to Pyongyang mid-August, will include Korean nuclear experts.

The visit by Bosworth and his deputies to the North is one thing and the dispatch of the site survey team is another, Choe said.

"The site survey team will consist of about 10 geology and civil engineering experts and the team will include about four Korean experts," he said.

Choe expected the KEDO site survey team to spend about one week in the North to conduct a basic survey of the site for the construction of two light-water reactors while trying to get reports made by Russians on the reactor site.

Deputy Comments

SK2907071695 Seoul KBS-1 Radio Network
in Korean 0510 GMT 29 Jul 95

[FBIS Translated Text] With regard to the recent report on North Korea's refusal to allow the visit of the Korean Peninsula Energy Development Organization's (KEDO) ROK delegation to North Korea, Choe Tong-chin, head of the light-water reactor project planning group, said that if North Korea refuses to allow the delegation to visit on the pretext of the South Koreans' involvement in the negotiations for the provision of light-water reactors, the negotiations would not be held.

Reporter Kim Tae-son reports this from the National Unification Board.

[Begin Kim recording] In a news conference held today before his departure to attend the KEDO general meeting, Choe Tong-chin, head of the light-water reactor project planning group, commented on the failure of the preliminary visit to North Korea by KEDO's secretary general and his entourage due to North Korea's refusal to allow KEDO to visit on the pretext of ROK people's involvement in the delegation. He said that if the ROK people's visit to North Korea for negotiations on the provision of light-water reactors is denied, the negotiations themselves would not be held.

However, he stated that he believes that since North Korea already agreed on the participation of the delegations from the ROK, the United States, and Japan, in a survey of the light-water reactor construction site and in the negotiations for the provision of reactors, the North Korean side will not disallow this. [sentence as heard]

The survey team for the light-water reactor construction site, which consists of technicians from the ROK, the United States, and Japan, is scheduled to visit North Korea on 15 August. Choe Tong-chin said that some reports saying that North Korea is demanding detailed information on the personal background and career of members of the ROK side are not true.

Meanwhile, not only the original member states, namely the ROK, the United States, and Japan, but also 30 other countries including Australia, Canada, and England, are expected to attend KEDO's general meeting to be held in New York for two days beginning 31 July.

The follow-up actions by KEDO, including the light-water reactor project for North Korea; the issue of forming three advisory councils within KEDO on the light-water reactor project and on the disposal of used fuel, and other plans for the activation of KEDO, will be discussed during the upcoming KEDO's general meeting.

Choe Tong-chin, head of the group, said that KEDO is working to enable the survey team to make its first visit to North Korea within next month, and that the U.S. company (Burns and Roe) was nominated as a subcontractor for the survey of the construction site. [end recording]

Editorials View Issue

SK3107022495

[FBIS Editorial Report] The following is a compilation of editorials published in ROK vernacular dailies on 30 July on North Korea's refusal to allow the ROK delegation of the Korean Peninsula Energy Development Organization, KEDO, to visit North Korea.

The moderate KYONGHYANG SINMUN carries on page 3 a 800-word editorial entitled "North Korea's Attitude Cannot Be Overlooked." Mentioning "North Korea's refusal to allow KEDO Deputy Executive Director Choe Yong-chin to visit North Korea because he was a government official," the editorial notes "this is a gloomy premonition that the light-water reactor project will be frustrated." The editorial then enlightens North Korea to the fact that "Choe's visit to North Korea as a member of the KEDO delegation is a matter that concerns the implementation of the North Korean-U.S. agreement, not a matter between South and North Korea." The editorial continues: "If North Korea fails to win diplomatic confidence, as in this case, it will be difficult for North Korea to survive in the international arena."

Stressing that "it becomes more important for the ROK and the United States to maintain closer relations to

cope with North Korea's absurd insistence," the editorial hopes "the ROK-U.S. joint development of strategies on North Korea, which was reiterated during President Kim Yong-sam's recent visit to the United States, will function for the light-water reactor issue."

The moderate CHUNGANG ILBO carries on page 5 a 600-word editorial entitled "'Central Role' and 'Alienation.'" The editorial expresses regrets not only over North Korea's "incomprehensible" stand, but also over the attitude of KEDO and the ROK. The editorial expresses concern over the possibility that "North Korea will continuously make absurd demands at every stage of the light-water reactor project." The editorial criticizes the KEDO's "lukewarm attitude in saying it will not pursue the planned visit to North Korea," likening the situation to a "the host and guest reversing roles."

Recalling North Korea's "invariable tactics aimed at alienating the ROK and preventing it from playing a central role," the editorial urges the government to "clarify the concept and scope of the ROK's central role" at the upcoming KEDO general meeting slated for 31 July.

The editorial warns against "the U.S. intention to enhance the program coordinator's functions and role" and urges the government to let KEDO set clear limits, stressing: "The program coordinator should be entitled to no other function or role than the original role as a technical adviser to KEDO and a liaison between KEDO and North Korea."

The moderate HANGUK ILBO carries on page 3 a 900-word editorial entitled "The Beginning of North Korea's False Charges." The editorial regards North Korea's refusal to allow the visit by the ROK team as "the start of North Korea's long-term practice of picking quarrels with South Korea in connection with the reactor construction project." The editorial urges the government to "assume a stern and strong attitude to show its will to withdraw from the project in the worst case to cope with North Korea's strategy to alienate and drive the ROK into a corner."

The conservative CHOSON ILBO carries on page 3 a 800-word editorial entitled "North Korea's Attempt To Alienate the ROK." Disappointed at "the government's ineffective policy toward North Korea" and at an "important snag in our plan to play the central role in the light-water reactor project," the editorial urges the government to take "strong countermeasures without concession or hesitation" and to make clear that "we cannot spend even a penny for the reactor construction unless our leading role is guaranteed."

In particular, the editorial warns the government against the "signs, shown not only by North Korea, but also by a section of the United States, of an attempt to supply U.S.-model light-water reactors, not ROK-model ones, and an attempt to let the United States take the leadership role in the reactor construction." The editorial concludes by stressing the need for the government to make "an overall reexamination of its policy on North Korea," with Reverend An's abduction as momentum.

Kim Yong-sam Concludes Visit to U.S.

SK2907012495 Seoul THE KOREA HERALD
in English 29 Jul 95 p 2

[By Korea Herald correspondent Chon Si-yong]

[FBIS Transcribed Text] WASHINGTON—President Kim Yong-sam left here for Seoul Friday, winding up an eight-day visit which his aides said set an important milestone in South Korea-U.S. relations.

Kim, who departed from the Andrews Air Base, will arrive in Seoul Saturday evening (Korean Time) after a stopover at Anchorage.

Prior to leaving Washington, he held a breakfast meeting with U.S. Vice President Al Gore and gave interviews to the top executives and editors of the Washington Post and the Cable News Network (CNN).

Senior South Korean officials said that Kim's trip to the United States accomplished two important goals—conveying of his people's appreciation to Americans of their contributions to the security and development in South Korea and emphasizing of the importance of continuous strong partnership between the two countries.

"We had thought that President Kim's visit this time should become a symbolic one signifying the onset of a second chapter in South Korea-U.S. relations," said Yu Chong-ha, Kim's chief foreign policy advisor.

Such judgment was not simply based on the fact that Kim's trip, the second since his taking office, was timed for the dedication of the Korean War Veterans Memorial Thursday, the 42nd anniversary of the end of the Korean War.

It was also because both Seoul and Washington are now facing a daunting list of challenges from rapid developments in Northeast Asia.

The absence of major issues pending between Seoul and Washington, unlike in the past three Kim-Clinton summit talks, also helped them turn their attention to building a future-oriented partnership as the centerpiece of Kim's visit.

In fact, President Kim prodded South Korean diplomats to conclude an agreement with the United States on the Korean import of U.S. beef before he began his U.S. trip.

Kim's action was apparently aimed at keeping any conflicts from standing in the way of his plan to make his trip a symbolic one by which the two countries can look back on the past half-century and set the course for a future partnership.

In reviewing the past South Korea-U.S. relations, Kim spent much of his time and activities in delivering his fellow Koreans' appreciations for the American support to South Korea over the past decades.

He did not make a single major speech without citing the role of the United States in protecting freedom in South Korea and contributing to its economic and democratic development.

"It was a war in which America's sons and daughters answered the call to defend a country they never knew and a people they have never met as engraved on the base of the memorial," Kim said during the memorial dedication ceremony.

In a speech at a White House banquet hosted by Clinton on the eve of his departure, Kim also said that the blood and sweat shed by many young Americans in the war helped Korea to achieve democracy and prosperity in the ensuing 45 years.

"We are grateful to the government and people of the United States for having shown sustained concern and support for the growth of democracy in Korea," he said.

While delivering South Koreans' "Thank you America" message, Kim at the same time emphasized the importance of developing a new partnership between the two countries on the strength of the alliance forged in blood.

He and Clinton agreed in their summit talks that the United States remain in South Korea and that Seoul and Washington take joint steps with respect to North Korean affairs, including the North's nuclear issue and the establishment of a new peace regime on the peninsula.

Kim and Clinton also agreed to set up a new consultation body to encourage the North to adopt an open-door policy and have their vice foreign minister and deputy state secretary meet regularly to deal exclusively with North Korean matters.

South Korean officials said that the agreement itself will serve as a clear message to North Korea that any of its attempts to drive a wedge into Seoul-Washington ties

such as the demand to sign a peace agreement with the United States will not work.

"This is one of the most important outcomes of the Kim-Clinton talks," a senior administration official said.

Comments on Visit

SK2907103495 Seoul YONHAP in English
1028 GMT 29 Jul 95

[FBIS Transcribed Text] Seoul, July 29 (YONHAP) — President Kim Yong-sam returned home Saturday afternoon from an eight-day state visit to the United States with a vow to "promote the nation's globalization more vigorously."

"Throughout the visit, I felt very strongly that we should promote our globalization more vigorously than before and thereby make all the sectors of our society first-rate," President Kim said in a speech at an airport ceremony welcoming him home.

In Washington, President Kim had a summit meeting with U.S. President Bill Clinton and witnessed the unveiling of a Korean war monument located near the Lincoln Memorial.

The president stressed that the nation should pool its wisdom and energies towards creative reforms so that "we will be able to attain our ultimate goal of national unification."

He observed that his visit to the United States was a good opportunity to reaffirm the friendship that has existed between South Korea and the United States for the last half century and to help forge improved bilateral relations in the coming century.

Saying that he exchanged opinions with President Clinton on the North Korean situation, President Kim said he and the American President agreed to exert joint efforts to induce North Korea to open itself one step at a time.

"To this end, we agreed to further bolster a high-level diplomatic consultative system to explore joint strategies towards North Korea," he said.

The president went on to say that he shared the view with Clinton that any mechanism for durable peace on the Korean peninsula should be agreed on between the direct parties involved — South and North Korea.

"We agreed specifically that until the establishment of such a peace system, the existing military armistice agreement in Korea should continue to remain in force," he said.

Kim also said they agreed to play a leading role together in the Asia-Pacific Economic Cooperation

(APEC) forum for more effective cooperation and development in the Asia-Pacific region.

President Kim said that in his address before a joint U.S. Congressional session, he discussed mainly the importance of Korea-U.S. cooperation in the coming Asia-Pacific age of the 21st century.

Regarding his reception, he said, the American Congressional members responded eagerly and with hearty applause.

Recalling his participation in the dedication of the Korean war monument, President Kim said it was a rare opportunity to ruminate over the historical significance of the Korean war.

"I took the occasion to convey our warm feelings of friendship and appreciation to the American Korean war veterans and the rest of the U.S. citizens for the part they played in the war," he said.

President Kim, accompanied by his wife, Son Myong-sun, left Seoul on July 22 and made stops in San Francisco and Chicago before making his way to Washington, where he had the chance to meet with Korean community leaders.

Briefs Cabinet on Results

SK3107030795 Seoul YONHAP in English
0247 GMT 31 Jul 95

[FBIS Transcribed Text] Seoul, July 31 (YONHAP) — President Kim Yong-sam said Monday that his agreement with U.S. President Bill Clinton that a peace system on the Korean peninsula should be agreed on between South and North Korea completely dissolves North Korea's bid to replace the Armistice Agreement on the Korean peninsula with a peace treaty with the United States.

He made the remarks while explaining the results of his recent visit to the United States to cabinet members which included Prime Minister Yi Hong-ku and Seoul Mayor Cho Sun.

"It is meaningful that the South Korean-U.S. summit confirmed that the Armistice Agreement is valid until a new peace system in the future is established," President Kim said.

He returned home Saturday from an eight-day official visit to the United States.

Meanwhile, he instructed cabinet members to prepare for the dismantling of the former government-general building constructed during the Japanese colonial rule of Korea.

"It serves to enforce the national spirit to remove the building on Aug. 15, on the 50th anniversary of the nation's liberation from Japanese imperialists," he added.

Concerning the direction of the future reform policy, he said that he will proceed without fear and on the basis of principle.

"If we make our best effort for the sake of the state and the people, then we will be satisfied with what we will have done," he said.

Media Assess Kim Yong-sam's U.S. Visit

Summit Reaffirms Alliance

SK3007095795

[FBIS Editorial Report] The following is a compilation of editorials from ROK vernacular newspapers published on 30 July assessing ROK President Kim Yong-sam's visit to the United States.

The conservative CHOSON ILBO carries on page 3 a 700-word editorial entitled "The Right Timing of Summit Diplomacy." The editorial first acknowledges President Kim Yong-sam's efforts to reaffirm the traditional ROK-U.S. friendship and alliance through reappraisal of the U.S. contribution to the Korean war and comments that his visit "aroused favorable repercussions among Americans." The editorial then points out a more significant aspect of President Kim's U.S. visit was its timing, noting the delicate and sensitive situation of pending issues between the two countries, including the light-water reactor issue. The editorial assesses that President Kim's summit talks with U.S. President Clinton "considerably eased the ROK people's concern over possible U.S. unilateral decisions on North Korean affairs," citing President Clinton's emphasis on the principle of parties concerned in North-South relations, the validity of the current armistice system until a peace agreement is established, and the ROK's central role in the light-water reactor project, as well as his reaffirmation that the ROK will not be alienated in the progress of improving U.S.-North Korean relations. Noting that such assurances are in conformity with the common interests of the ROK and the United States, the editorial states that the agreement to remain in pace with each other and the adjusted position on North Korean affairs were significant achievements of President Kim's U.S. visit. In this regard, the editorial attaches great significance to the agreement on the establishment of an ROK-U.S. high-level foreign relations and security council and a working body for ROK-U.S. consultation on economic cooperation with North Korea.

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "The ROK-U.S. Assurance on Alliance Toward the 21st Century." Commenting that President Kim's U.S. visit was "very satisfactory," the editorial states "the agreement announced after the summit talks indicates that the positions and views of the two presidents are in total consensus" with regard to the pending issues of the ROK and the United States. The editorial further comments that based on the reassurance, the ROK will be able to adopt more confident and resolute policies on North Korea. The editorial then turns to President Kim Yong-sam's expected significant proposal to be made to North Korea on 15 August, and hopes North Korea will constructively respond to the proposal.

The independent moderate MAEIL KYONGJE SINMUN, which focuses on economic issues, carries on page 3 an 800-word editorial entitled "The Reconfirmation of the ROK-U.S. Alliance." The editorial appraises the significance of the ROK-U.S. summit talks as "the reconfirmation that the ROK-U.S. alliance on North Korean affairs remains unchanged, and that the two countries will exert joint efforts to invite North Korea to join the international trend of reform and opening up." Noting President Clinton's remarks on the Armistice Agreement, the editorial interprets the decision on establishing a high-level consultative body on joint strategy on North Korea as the two countries' commitment to achieve tangible results of their agreement. The editorial notes the lack of discussions on U.S. trade pressure at the summit talks, but hopes the increased understanding between the two countries will open a new horizon for cooperation.

Economic Efforts 'Fruitless'

SK3007012395 Seoul THE KOREA TIMES in English
30 Jul 95 p 8

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] Despite the expectation that a personal approach would help, President Kim Yong-sam's efforts to enhance bilateral industrial cooperation and correct the increasingly unbalanced trade by a visit to the United States have proved fruitless.

In fact, the presidential trip coincided with a Big Emerging Markets [BEM] Conference organized by the Department of Commerce with the aim of targeting such lucrative markets as Korea and Taiwan.

Making the situation even worse was the tone of the Korea-U.S. Business Council meeting in which the U.S. Trade Representative Office pounded away at Korea, calling it "one of the most protected" industrialized economies.

While officials at the Ministry of Trade, Industry and Energy (MOTIE) attempted to play down the economic and industrial aspects of the summit trip, it was clear yesterday that the visit achieved close to nothing.

The officials insisted that MOTIE Minister Pak Chaeyun, who accompanied the President, was successful in transmitting the message that the investment climate in Korea has improved significantly.

"There is a clear indication that American enterprises are recognizing that Korea is once again an ideal location for investment, even in high-tech areas," said director Cho Suk of MOTIE's American division.

However, industry insiders say that the presidential delegation was looking for opportunities to address pressing issues, including recent trade friction between the two traditionally friendly trading allies.

"The trade deficit with the United States warrants steps being taken to at least improve relations in other economic areas, such as brisker transfer of technology and increased investment," one of them observed.

He said any anticipation of an impact through the presidential visit began to dwindle almost immediately on President Kim's arrival in the U.S. as the agenda focused almost completely on political issues, including the North Korean nuclear program.

Perhaps because of the lack of enthusiasm for economic issues on the part of the U.S. administration, Samsung Electronics put off an announcement it will construct a 1.5-billion-dollar facility in either Portland, Oregon, or Austin, Texas.

MOTIE's Cho said the truth of the matter is that relations between the two countries can best be described as "amicable" at the moment and there were no real outstanding issues that had to be dealt with.

On the other hand, industry insiders said there was a specific need for economic diplomacy, especially considering the fact that the trade deficit with the U.S. has been reaching new highs month after month since 1993.

"We are at a point where even the United States is recognizing the imbalance in trade. The presidential visit presented an invaluable opportunity for Korea to seek more favorable treatment," one insider noted.

Instead, the business council meeting between the two countries was given over to U.S. calls on Korea to further protect intellectual property rights and offer greater access to its automobile market.

One company observer said, "The truth of the matter is that Minister Pak could not even arrange a meeting

with Commerce Secretary Ron Brown during the visit. While his speech at the BEMs Conference was to the point where investment is concerned, his role lacked substance," he complained.

Mutual Trust Key to Consultative Body's Success

SK2907113195 Seoul KYONGHYANG SINMUN
in Korean 29 Jul 95 p 3

[Editorial: "Conditions for the Consultative Body for Joint Strategies Toward North Korea"]

[FBIS Translated Text] Presidents Kim Yong-sam, who is visiting the United States, and U.S. President Bill Clinton agreed to form a "consultative body for joint strategies on North Korea to cope jointly with various possible situations in future relations between South and North Korea and between North Korea and the United States, with the first-stage solution of the North Korean nuclear problem as a turning point." We first assess positively the motive for establishing the consultative body and the timely agreement on it. Nothing specific on the consultative body's functions has yet been learned.

In summing up reports carried so far, however, it seems that the consultative body will mainly handle U.S.-North Korean economic cooperation, improvement in political relations between the two countries (the establishment of diplomatic ties), the signing of a peace treaty between the two sides that North Korea has insisted upon, and the timetable and content of exchanges between the two countries in all other fields. However, this consultative body must presuppose perfect mutual trust between the ROK and the United States because it is a consultative body to develop strategies with regard to North Korea—a third party—and thus is different from other policy consultative channels established between the ROK and the United States.

Specifically, when operating the consultative body, authorities concerned, including the two countries' presidents, must advance policy to induce North Korea's opening in an orderly and consistent way under the leadership of the ROK and the United States. Also, they must adhere to the principle that they will never allow North Korea's maneuvers to estrange ROK-U.S. relations.

In order to abide by the principle, the consultative body should respect the ROK's intent and view of the situation, and the United States should always accept the ROK's opinion at 100 percent and have the attitude of "being subordinate to the ROK as the principle." The improvement in U.S.-North Korean relations will certainly be a main topic of the consultative body at least for a considerable period. Accordingly, if

the body is shaken, without a firm policy, by North Korea's threatening tactics or by changes in the U.S. domestic political situation, it is highly possible that "the ROK will be alienated." The ROK Government and people have repeatedly warned that improvements in North Korean-U.S. relations would bring about a very dangerous result unless accompanied by an easing of tensions between North and South Korea or by meaningful dialogue between the two.

This is because if the United States trades directly with North Korea, bypassing the ROK, while stationing its Armed Forces in South Korea, it will inevitably result in critical damage to the ROK's national security and its position. ROK-U.S. relations will experience deep distrust on this issue, not only between the two governments, but between the two peoples. This is exactly what the North Korean authorities desire. The establishment of the consultative body is aimed at preventing the policy for inducing North Korea's opening from being frustrated by conflicts between the ROK and the United States. Accordingly, I would like to stress again that the success of the consultative body depends on mutual trust between the ROK and the United States.

U.S. May Exert 'Tougher Trade Pressure'

SK2907034495 Seoul THE KOREA HERALD
in English 29 Jul 95 p 1

[By staff reporter Yi Kap-su]

[FBIS Transcribed Text] President Kim Yong-sam's visit to Washington may have greatly contributed to bolstering bilateral ties between South Korea and the United States in the political and diplomatic fields, but it seems to have generated "unexpected" results in the trade matter.

At the 8th Korea-U.S. Business Conference held in Washington, U.S. trade officials expressed serious concern over the Seoul government's trade policy in a tone stronger than ever before.

Citing South Korea as one of the world's most protected industrialized economies, some U.S. officials warned at the conference that South Korea would face tougher trade pressure from the United States unless the Seoul government speeds up a series of market deregulation steps.

Even commenting that trade disputes pending between Seoul and Washington are dragging U.S.-Korean trade relations to their lowest level in years, they have demanded that the Seoul government open its automobile market wider and fully protect intellectual property rights (IPR) while pursuing the wider opening of the

financial market, officials at the Korea-U.S. Business Council here said yesterday.

As for the car market issue, the United States is likely to demand that the Seoul government lower non-tariff barriers on imported passenger cars and guarantee the import quantity of foreign-made cars, they said.

The United States seemed to put strong opening pressure on the domestic car market in the manner it was imposed on the Japanese car market in the latter half, they said.

Meanwhile, the U.S. Trade Representative (USTR), which designated the domestic car market as an area necessary for priority watching last year, is moving to collect opinions from U.S. businessmen in order to determine its position before it selects the list of countries which are involved in unfair trade practices in September.

At the conference, the U.S.-Korea Business Council said it would recommend the U.S. Administration to designate South Korea as a watching list (WL) country in the IPR market, one step lower than the priority watching list (PWL) country, appraising the Korean Government's past efforts to protect the U.S. IPR as affirmative.

But, the council added that South Korea should continue improving its institutional arrangements in the IPR market to completely match the level suggested by the Uruguay Round (UR) multilateral trade negotiations by 1996.

At the same time, the U.S. side has demanded that the Korean Government open its financial markets, including the insurance market, wider to foreign concerns.

As South Korea recently joined the financial service pacts of the World Trade Organization (WTO), signed without the United States, the disputes on financial matters between South Korea and the United States are expected to be settled through bilateral talks between the two countries, said officials at the Korea-U.S. Business Council.

Taking these factors into consideration, the U.S. trade pressure for the wider opening of the domestic automobile, financing and IPR markets is expected to be tougher than ever before in the months ahead they said.

Civic Groups Protest Shelf Life Agreement

SK3007031195 Seoul THE KOREA TIMES in English
30 Jul 95 p 3

[By staff reporter Hong Sun-hui]

[FBIS Transcribed Text] Thirty-five civic groups across the nation yesterday sent a letter of protest to President

Kim Yong-sam, Prime Minister Yi Hong-ku and five Cabinet Ministers, asking them to explain the recent Seoul-Washington agreement on shelf life of U.S. meat which they said was a "blind gift" to the U.S. prior to Kim's state visit to the U.S. last week.

The July 20 agreement signed by Korean Ambassador to U.S. Pak Kun-u and U.S. Trade Representative Mickey Kantor to sharply extend the shelf life of vacuum-packed meat products opens the way for the unfettered imports of U.S. refrigerated beef and pork to Korea, they said in the letter, a form of questionnaire.

The previous shelf life virtually blocked the imports of U.S. meat products because transportation between the two countries alone takes longer than the "sell-by" dates.

With the conclusion of the bilateral negotiations, Washington promised that it will immediately cancel its complaint filed with the World Trade Organization [WTO] and stop its investment into any unfair practices involving Korea's shelf life regulations, according to the Ministry of Finance and Economy.

In the letter written in the name of the Solidarity of Consumers and Farmers for Safety of Imported Foodstuffs, the government is asked to reveal why it gave up a settlement through WTO and followed the forecast made by U.S. Journal of Commerce. In April, the journal reported that the Korean government had promised Washington that it would abolish shelf life from July, 1996 instead of 1998 Seoul planned to do away with the system and would expedite sanitary inspections of imported foodstuffs. [sentence as published]

Under the accord, imported vacuum packed beef and pork will be allowed to be shelved for up to 90 days and 45 days respectively, from the current 14 days and 10 days.

As for this clause, civil groups urged the government to state the background of why it gave way to pressure from Washington at the risk of public health, though no apparatus has yet to be set up to monitor the hygiene of frozen imported meats.

"The International Meeting on Food, Culture, Trade and Environment in Seoul on July 19-22 which drew consumers, environmentalists, farmers and women's organizations from 23 countries around the globe defined this agreement as a produce of unfair pressure from Washington, with no consideration of refrigeration technology in Korea," they argued.

"We decided to report the case at the forthcoming World Food Summit marking the 50th year of the Food and Agriculture Organization to prevent a recurrence in other countries," they said in the letter.

They also raised issues with what they called "inefficient" administration on processing and circulation of farm products masterminded not by the Agriculture-Forestry-Fisheries Ministry but by the Health-Welfare Ministry.

Civic groups participating in the protest include the citizens' Coalition for Economic Justice, National YWCA, Save-Our-Farm Movement, National Poultry Association, National Pig Breeding Association, National Organic Farming Association, Society for Housewives Concerned About Homes and the Federation of Consumers' Associations among others.

U.S. Considering Civilian Rice Aid for North

SK3107124995 Seoul CHOSON ILBO in Korean
31 Jul 95 p 2

[By reporter Ku Song-chae]

[FBIS Translated Text] It was learned on 29 July that the U.S. Government is actively examining the possibility of civilian-level assistance as regards North Korea's request for grain. A government source stated: "U.S. officials judge it as difficult to conduct government-level grain assistance to North Korea due to both legal considerations within the United States, such as the Foreign Assistance Act, as well as the hard-line attitude of Congress. As a result, it was decided that grain assistance to North Korea will be carried out by civilians."

This source added: "It seems the U.S. Government came to this decision by taking into account its 'status' and position in the negotiations with the North under the situation where the ROK and Japan have already been carrying out rice aid to North Korea."

This source continued: "The U.S. Government is currently seeking civilian organizations that have the financial capability. U.S. AID, an organization affiliated with the government that has an annual budget of \$7 billion and that supports civilian activities in third world countries by receiving government financial support, is being discussed as a highly probable organization."

It was learned "U.S. AID" provides \$65 million in financial assistance annually to the International World Vision Society totalling, which received approval from the U.S. Government to provide grain assistance to North Korea.

North Reportedly Holds 'Closed' Party Meeting

SK3007045695 Seoul MAEIL KYONGJE SINMUN
in Korean 30 Jul 95 p 2

[FBIS Translated Text] It has been confirmed that North Korea recently assembled all local party cadres

including Yon Hyong-muk, former premier and the current responsible secretary of the Chagang Provincial party, to Pyongyang. Accordingly, it is assumed that North Korea held a certain kind of meeting on the overall party issues, including the issue of Kim Chong-il's ascension to the presidency.

It is the first time for the party responsible secretaries of each province, city, county, and complexes to meet at the same time in Pyongyang since the memorial meeting marking Kim Il-song's death on 20 July of last year was held.

The assembly of the local party cadres to Pyongyang was confirmed through Pyongyang broadcasts reporting that they paid respects at the Kumsusan Memorial Palace where Kim Il-song is laid in state and the Kim Il-song statue on Mansudae Hill on 27 July.

Government officials believe the main purpose for the local party cadres to assemble in Pyongyang was to pay respects at the Kumsusan Memorial Palace which opened on 8 July. However, it is also believed that the assembly of local party cadres—including party responsible secretaries of the complexes—at the same place since Kim Il-song died was held in order to have "some kind of a meeting."

Another official said: "Except for the 9 December 'vanguard meeting of the Chong Chun-sil movement,' North Korea did not call local cadres to Pyongyang when important events took place after Kim Il-song died. It is assumed that this time North Korea held a closed-door party meeting."

Speculation on Kim Chong-il Visiting UN

SK2907043095 Seoul KYONGHYANG SINMUN in Korean 29 Jul 95 p 1

[By reporter Yi Sung-chol]

[FBIS Translated Text] It has been learned that North Korea has turned in an application stating that its head of state will attend the summit meeting marking the 50th anniversary of the founding of the United Nations to be held in New York this October, thus leading observers to cautiously foresee the possibility of Kim Chong-il visiting the United States.

A government official concerned said on 28 July, "In an application it submitted to the United Nations in June, North Korea expressed its desire to have its 'head of state' attend the meeting." He added, "Since the position of North Korea's head of state has yet to be filled, we do not know who will attend."

The official then noted: Since the summit meeting begins on 22 October, there is a possibility that Kim

Chong-il will assume office as North Korean president prior to attending the meeting.

It is anticipated that Kim Chong-il will assume office as the North Korean president by 10 October, the founding anniversary of the North Korean Workers' Party.

The United Nations has been receiving applications for attendance at the summit meeting by title, such as "the head of state" and "the head of government," instead of by name.

If Kim Chong-il attends this meeting, a natural contact between the top leaders of the North and South may be possible since President Kim Yong-sam is to attend the meeting.

The government official concerned said: Kim Chong-il's attendance at the meeting in New York will be clear by the middle of September when the UN General Assembly begins. The government is preparing various measures for such a turn in events.

An expert on North Korean affairs observed: If Kim Chong-il attends the UN summit meeting, it would be the first visit to the United States by North Korea's top leader, and it would not only be a turning point for improvement in North Korean-U.S. relations, but a major change for the situation on the Korean peninsula.

The UN summit meeting is a large-scale event marking the 50th anniversary of the founding of the United Nations. It will be held for three days beginning 22 October with about 150 heads of state from its 185 member states in attendance.

North Korea named its Foreign Minister Kim Yong-nam on its application for attendance at the opening speech to the UN General Assembly, which begins on 25 September.

Visit 'High Possibility'

SK3007092195 Seoul KYONGHYANG SINMUN in Korean 30 Jul 95 p 5

[Article by Yi Sung-chol]

[FBIS Excerpt] The "special summit meeting marking the 50th anniversary of the founding of the United Nations," at which heads of countries will gather, is drawing attention due to speculation on whether North Korea's Kim Chong-il will participate. [passage omitted]

In an application submitted to the United Nations in June, North Korea revealed its intention to have its head of state participate, but it was learned that it has not clearly stated who will participate.

The general view at this time is that one of the persons between Kim Chong-il and Premier Kang Song-san will participate.

The view that there is a high possibility that Kim Chong-il will participate is based on that the meeting will be held right after 10 October — the founding day of the Workers Party of Korea — which is assumed to be the day of Kim Chong-il's succession of power.

If Kim Chong-il appears at the United Nations, it will be effective in manifesting at home and abroad the emergence of a new system.

If Premier Kang Song-san participates in the meeting, it will be the second time that a North Korean premier participated in the United Nations. When South and North Korea simultaneously joined the United Nations in 1991, the then North Korean Premier Yon Hyong-muk gave a keynote speech at the General Assembly.

The speech by the North Korean delegate is slated for the afternoon of 23 October. An expert in North Korean affairs viewed: "It seems that the political situation in North Korea until October will be a decisive variable on whether Kim Chong-il will participate in the meeting. If Kim Chong-il participates, it will be an opportunity for the development of an atmosphere for new reconciliation." From the beginning, North Korea applied for Vice President Kim Pyong-sik to participate in the March Copenhagen social development summit.

Seven Loggers Defect From North

SK3107003995 Seoul YONHAP in English
0027 GMT 31 Jul 95

[FBIS Transcribed Text] Seoul, July 31 (YONHAP) — Seven North Korean loggers stationed at Siberian logging camps defected to South Korea over the weekend, bringing the total number of North Korean loggers who defected to South Korea to 35, Foreign Ministry Spokesman So Tae-won said Monday.

The latest defectors are Han Song-il, Kim Chol, Yu Chae-ui, Chon Kyong-chol, Chong Tae-song, Yi Song-ik and Choe Kum-chol.

The United Nations High Commissioner for Refugees (UNHCR) arranged for the loggers, all in their 20s and 30s, to fly to Seoul from Moscow, So said.

The government accepted the North Korean loggers as seeking humanitarian refugees and will continue to maintain such a position on the North Koreans stationed in Siberian logging camps where their human rights are reportedly severely violated, according to the spokesman.

N-S Economic Cooperation Group Formed

SK3007025495 Seoul THE KOREA TIMES in English
30 Jul 95 p 8

[FBIS Transcribed Text] The Federation of Korean Industries [FKI] yesterday shaped up a special South-North Economic Cooperation Committee, selecting 19 committee members and establishing a policy direction for its activities.

FKI officials said Pak Su-hwan, president of LG International Corporation, was named vice chairman of the committee to assist committee chairman Chang Chih-yok, chairman of the Kohap Group.

Among the selected committee members were Kang Pyong-ho, president of Daewoo Corporation, Yi Chae-chin, president of Donghwa Bank, Kim Sung-chong, president of Sunkyong Ltd, and Pak Se-yong, president of Hyundai Corporation.

The FKI officials said the members were selected based on their interest in South-North economic and industrial ventures. One person from each large business group was also included.

The basic understanding they said, is that economic cooperation with North Korea will be pursued in strict compliance with government guidelines, said the officials of the nation's most powerful private business organization.

They added that the committee will evaluate business proposals by private companies.

UN Speech To Raise DPRK Human Rights Issue

SK3107052195 Seoul KYONGHYANG SINMUN
in Korean 31 Jul 95 p 1

[Report by Yi Song-chol]

[FBIS Translated Text] It has been learned that the government has finalized the policy to officially raise North Korea's human rights issue through a keynote speech to be delivered by Foreign Minister Kong Nam-yong during the 50th UN General Assembly slated for September.

A relevant high-ranking government official said on 30 July that "with the human right situation in North Korea being aggravated each day, the government decided not to remain an onlooker any longer but to actively cope with it. As part of these measures, Foreign Minister Kong will raise the North Korean human rights issue during the upcoming UN General Assembly." Our government representative has never officially raised the North Korean human rights issue at the UN General Assembly in the past.

This official pointed out: "Up to now, the government refrained from raising the North Korean human rights issue in consideration of the fact that North-South relations would subsequently become aggravated. Since the North Korean human rights issue is very sensitive, the method on how to raise it has been reviewed in many ways."

The method which the government is presently studying is to call for the international community to pay attention to the North Korean human rights issue. In addition to this, the government is also reviewing a more active method, namely, the call for the adoption of a resolution on this issue at the General Assembly. Speeches by representatives of each country at the General Assembly will begin on 25 September, and Minister Kong's speech is scheduled for 29 September.

'Two-Plus-One' Peace Plan Considered

SK3107030095 Seoul TONG-A ILBO in Korean
31 Jul 95 p 1

[FBIS Translated Text] Regarding the replacement of the current Armistice Agreement with a peace agreement, it was learned on 30 July that the government is reviewing a plan for North and South Korea to hold talks—tentatively called Korean peninsula peace talks; sign an inter-Korean peace agreement; and have it guaranteed by the United States through a memorandum of guarantee.

The government has already prepared a draft for the plan, and is discussing whether President Kim Yong-sam should propose it to North Korea during President Kim's national liberation day speech on 15 August. The draft is being reviewed by relevant departments, such as Chongwadae [presidential offices], the National Unification Board, the Foreign Ministry, the Defense Ministry, and the Agency for National Security Planning, and is subject to President Kim's final approval.

The government-drafted plan to replace the Armistice Agreement can be called a two-plus-one formula in which North and South Korea sign a peace agreement and have the United States guarantee it.

For this, the government requested the United States, through the ROK-U.S. summit talks and working-level talks during President Kim's U.S. visit, to actively persuade North Korea to respond to the Korean peninsula peace talks and obtained positive response from the U.S. side.

In the proposal to the North, the government is planning to state that the South is prepared to let the North choose the time and venue for the Korean peninsula peace talks.

The government is expected to make clear its position that the participants in the Korean peninsula peace talks should be limited to responsible senior persons of authority of North and South Korea based on the principle of resolving the issue by the parties concerned.

President Kim is expected to reiterate in his national liberation day speech that he is willing to hold summit talks with Kim Chong-il as soon as he succeeds to the North Korean presidency.

A government official concerned said: For the signing of an inter-Korean peace agreement, we can think of operating the North-South Joint Committee for Reconciliation which the North and the South agreed to form in the North-South Agreement, but because North Korea holds a negative view of the North-South Agreement, separate peace talks would be necessary. Since North Korea insists on the signing of a North Korean-U.S. peace agreement as the only alternative to replace the Armistice Agreement, the government is reviewing a plan to get the United States involved in it.

Further Reportage on Reverend An Incident

Officials 'Embarrassed'

SK3107063795 Seoul KYONGHYANG SINMUN
in Korean 31 Jul 95 p 2

[Article by reporter Yi Pyong-kwang: "Government Embarrassed by Reverend An's Incident"]

[FBIS Translated Text] Senior government officials of the departments charged with North Korean policy, such as the National Unification Board [NUB] and the Foreign Ministry, appear to be very embarrassed these days.

This is because North Korea is taking actions that throw a wet blanket over them while they are considering ambitious policies for improving inter-Korean relations, taking advantage of the ROK's assistance to the North with light-water reactors and rice.

The government is at a loss on the stance it should take with the North, which is constantly making trouble, in the impending third round of rice talks scheduled for 10 August.

Senior government officials complain, "With the rice talks approaching, even if North Korea acted gently, we would not be satisfied because they make continual trouble, turning public opinion against them."

Their complaint is prompted largely by the recent incident of the Reverend An Sung-un and North Korea's rejection of the visit to the North by Choe Yong-chin,

deputy secretary general of the Korean Peninsula Energy Development Organization [KEDO]. The government is convinced that the Rev. An was kidnapped, and senior officials think that most of our people believe this.

The reason relevant departments had a series of controversial discussions as to whether rice aid to the North should continue after the incident of the Rev. An's entry to the North occurred was that they thought that if the government decided to continue the rice aid, this decision could go against the public opinion.

The delay in the delivery of the 150,000-tonne rice aid agreed upon between the government and North Korea is not merely because of the bad weather, as a government official explained. Rather it is a calculated delay, observers note.

A senior government official remarked, "Why should we give rice aid to the group that kidnapped a good citizen in broad daylight," thus revealing how the incident helped increase distrust toward the North.

At the same time, the fact that North Korea rejected the visit to the North by Choe Yong-chin, deputy secretary general of the KEDO, on the grounds that he was a former ROK diplomat, arouses the people's indignation.

North Korea rejected Deputy Secretary General Choe's visit to the North because he is from the ROK, although they have agreed with the United States to accept the ROK model and the role of the KEDO in the Kuala Lumpur talks in June.

This North Korean action is casting doubt over the visit to the North by the site survey team in August and the light-water supply negotiation to be held between the KEDO and North Korea. Nevertheless, the government's policy is to carry on inter-Korean dialogue and economic cooperation with North Korea.

In other words, the government intends to hold the third round of rice talks as scheduled so as to lead the rice provision to the level of economic cooperation. This starts from the position that as long as the North Korean nuclear issue does not come across a stumbling block, it will deal with the Rev. An incident as a separate issue from our relations with the North.

The government suspects that North Korea's provocative acts originate from disharmony between the hardliners and moderates within North Korea. The problem, however, is that a series of recent acts by North Korea led to the aggravation of the people's sentiment against North Korea so that it would make it difficult for the government to convince the people of the rationale of such a policy toward the North.

If the government deals with the Rev. An incident and the rice aid as separate matters, the government is likely to be subjected to the criticism that it is neglecting the security of the Korean residents residing abroad.

The government is all the more distressed by the thought that even if our side raises the Rev. An case during the rice talks with the North, we can hardly expect any positive results from the talks.

Chinese Collecting Evidence

SK2907055395 Seoul TONG-A ILBO in Korean
29 Jul 95 p 2

[Report by Kim Chung-kun from Beijing]

[FBIS Translated Text] It was learned on 28 July, that in relation to the incident concerning Reverend An Sung-un of South Korea, the Chinese Government's interim conclusion is that North Korea has abducted Rev. An and taken him to North Korea against his free will. The Chinese Government is now collecting concrete evidence pertaining to the incident, and plans to make an announcement regarding the abduction of Rev. An early next week, once its public security authorities complete the collection of evidence.

This interim conclusion places significantly more importance on the details of how Rev. An crossed the Chinese border into North Korean territory, than on North Korea's announcement of his defection on 25 July, or Rev. An's announcement which was broadcast on the evening of 26 July. Therefore, this incident has the distinct possibility of expanding into a grave diplomatic issue between China and North Korea.

Six Suspects Arrested

SK3107040695 Seoul HANGUK ILBO in Korean
31 Jul 95 p 2

[Report by correspondent Song Tae-su from Beijing]

[FBIS Translated Text] On 30 July, a relevant high-ranking official of the ROK Embassy in Beijing revealed that Chinese public security authorities arrested six people suspected of being implicated in the incident involving Reverend An Sung-un, 50, who was reportedly abducted to North Korea from Yanji, China on 9 July.

This official said that some of the six suspects are Koreans of North Korean and Chinese nationality and that they were arrested by the Chinese public security authorities three or four days after the incident occurred.

It has been learned that the Chinese public security authorities gave notification of the arrest to Cho Yun-chu, a consul in the ROK Embassy in Beijing who

was dispatched to Yanji to ascertain details of the incident involving Rev. An. The official added that the Chinese public security authorities will notify the ROK of the investigation results as early as the beginning of the week or will openly announce the results of their investigation.

The ROK Embassy in Beijing is waiting to make public its official position under the policy of working out appropriate measures to cope with the situation after the Chinese public security authorities officially advise the investigation results.

Will Not Affect Rice Aid

*SK3007043295 Seoul TONG-A ILBO in Korean
30 Jul 95 p 2*

[FBIS Translated Text] It was learned on 29 July that the government will not link the abduction case of Reverend An Sung-un of the Full Gospel Church with rice aid to the North and the on-going talks between the South-North authorities.

The government plans to respond to the third round of talks between the authorities of the South and the North, which is slated for 10 August in Beijing, and promote as planned the rice shipping to North Korea.

However, as soon as the government receives an official report from the Chinese Government on the overall aspect of the incident, it will analyze the report and establish appropriate measures. If it becomes clear that Reverend An was "abducted to the North," the government plans to strongly demand that North Korea repatriate Reverend An, officially apologize, and promise not to repeat such an incident. The government will also ask the Chinese Government to exert efforts to protect the safety of foreigners in China.

A high-ranking government official said on 29 July: "At the ROK- U.S. summit talks, President Bill Clinton actively supported significant dialogue between the South and the North. In particular, the U.S. President reminded us of the fact that he had hoped that various issues including economic cooperation be widely discussed at the third round of Beijing talks. If it becomes clear that North Korea abducted Reverend An, it will be inevitable to take resolute measures, but it is the ROK Government's basic view that rice aid and South-North dialogue should be separated from this measure and be carried on as planned."

Government To Slow Rice Shipments to North

*SK3107094195 Seoul CHOSON ILBO in Korean
31 Jul 95 p 1*

[Report by Kim Yon-kwang]

[FBIS Translated Text] Our government has assessed that, despite our supplying rice to North Korea, Pyongyang has not shown any change in its attitude toward the South, but rather recently ran counter to our expectations. It was learned on 30 July that, based on this, the government plans to decrease the speed by which it provides rice to North Korea.

Although the government announced that this "speed adjustment" is due to weather conditions, including the rainy season, it was learned that this change is in fact a result of North Korea's attitude and occurred before President Kim's visit to the United States.

Of the 150,000 tons of rice to be provided to North Korea as agreed upon during the first round of talks, 60,000 tons were sent in the period from 25 June, when the first shipment embarked, to 15 July, when the second round of talks began in Beijing. Including the amount of rice shipped since 15 July, the total is only 70,000 tons. A relevant high-ranking government official stated that "during the first and second rounds of talks in Beijing, North Korea stated it 'would repatriate' the crewmen of the Usong 86, which it captured last May. It not only failed to follow-up, but recently kidnapped the Reverend An Sung-un in Yanbian, PRC. Furthermore, North Korea refused the visit to North Korea by relevant ROK officials of the Korean Peninsula Energy Development organization intended to survey light-water reactor construction sites. Thus, North Korea is going counter to our expectations for North-South relations. This being the case, we cannot definitely say when the shipment of the remaining 80,000 tons of rice will occur." He added: "Because of this atmosphere, strong allegations were raised within the government calling for prudent dealings regarding the third round of talks and the initiative toward North Korea to be announced around 15 August."

PRC Willing To Broker North-South Summit

*SK3107073495 Seoul MUNHWA ILBO in Korean
31 Jul 95 p 1*

[Report by Han Chong-ho]

[FBIS Translated Text] On 31 July, a high-ranking government official revealed through an informal channel that the PRC informed the ROK Government of its willingness to mediate a North-South summit, which has emerged as the greatest impending political issue concerning the Korean peninsula.

This position by the PRC Government was conveyed at a time when the possibility is being raised of holding a North-South summit in the United States during the special summit talks to be held on the 50th anniversary of the founding of the United Nations from 22 to 24 October, thus attracting the people's attention.

According to the official, a high-ranking official in the PRC State Council said to ROK Government officials who recently visited Beijing: "It is difficult for North and South Korean officials to mutually visit Seoul and Pyongyang. Therefore, the PRC will positively assist them in holding a North-South summit in Beijing."

With regard to such an initiative, our government feels that a North-South summit arranged by the PRC may possibly disturb ROK-U.S. relations; and the symbolic significance of a summit will be diminished if it is held in a third country or if it is difficult to maintain perfect communications security in Beijing. Thus, for the moment, the government has reportedly finalized its position as negative.

Pertaining to the background of the PRC's willingness to mediate a North-South summit, this official stated: "The PRC, which is competing with the United States for influence over politics on the Korean peninsula, might have put forward this plan as a means for curbing a 'U.S.-brokered North-South summit'." He also predicted: "The PRC, which is still capable of exercising considerable influence over North Korea, claims to be the one maintaining the balance on the Korean peninsula according to the principle of 'two Koreas.' This being the case, it is highly likely the PRC will continue using this card as a means to expand its influence on the Korean peninsula."

Such a position by the PRC is intended to display its will to directly interfere in the course of reorganizing the order on the Korean peninsula, which is based on North and South Korea as well as the United States. As a result, a very delicate disturbance will be created in future relations between the United States and the PRC, between the ROK and the PRC, and between North Korea and the PRC.

Usong 85 Arrives in Incheon Port

SK2907120595 Seoul YONHAP in English
1151 GMT 29 Jul 95

[FBIS Transcribed Text] Incheon, July 29 (YONHAP) — a South Korean trawler, seized by Chinese maritime police for alleged violation of Chinese waters late May, returned to South Korea Saturday with two fishermen on board.

Usong 85 arrived in Incheon port around 6:10 PM with the trawler's chief engineer Kim Chong-kil, 43, and fisherman Kim Chang-kun, 35, on board.

Eight of the other fishermen including skipper Kim Su-won have already been sent back to South Korea on June 27.

Kim said, arriving in Incheon port, that "we did not think we violated Chinese waters but the Chinese police insisted that we did that at gunpoint."

"We therefore could not speak further because we cannot speak Chinese," he said.

The owner of the trawler, Usong Shipping Co., paid about 29 million won to the Chinese authorities for alleged violation of Chinese waters by Usong 85.

Foreign Minister Leaves for ASEAN Meeting

SK3007041295 Seoul YONHAP in English
0247 GMT 30 Jul 95

[FBIS Transcribed Text] Seoul, July 30 (YONHAP)— Foreign Minister Kong No-myong is to attend the meetings of the Asian Regional Forum (ARF) Tuesday and ASEAN Expanded Foreign Ministers Meetings (ASEAN PMC) in Bandar Seri Begawan, the Foreign Ministry announced Sunday.

The ASEAN PMC meetings are set to take place immediately following the ARF meetings. Kong flew directly to Brunei from the United States, where he was accompanying President Kim Yong-sam during the state visit to Washington.

The initial ARF meeting was held in Bangkok in July last year and during the second meeting this year, the foreign ministers from the 19 member countries will discuss the agenda dominated by global and regional issues, and the future direction of the ARF, which were put on the agenda by the Executive Committee of the ARF last year.

Foreign Minister Kong is expected to focus on the detail of the Northeast Asia security dialogue, a multinational security arrangement in Northeast Asia which Seoul proposed, and international cooperation on the issue of extending non-nuclear proliferation worldwide, including North Korean nuclear weapons programs.

Pak Yong-kil Arrested on Arrival at Panmunjom

SK3107083795 Seoul KBS-1 Radio Network
in Korean 0800 GMT 31 Jul 95

[FBIS Translated Text] The late Reverend Mun Ik-hwan's widow, who participated in the memorial service on the anniversary of Kim Il-song's death, was arrested

upon her return via Panmunjom at 1530 [0630 GMT] today. The Agency for National Security Planning [NSP] arrested Pak Yong-kil, 71, widow of the late Reverend Mun Ik-hwan, on charges of violating the National Security Law.

Pak traveled to North Korea on 28 June without prior approval of the government, and met with Kim Chong-il and other members of antinational organizations. She is suspected of having made various antigovernment remarks and of praising the North Korean system. Considering Pak's age, the NSP hospitalized her at the Police Hospital to monitor her health. The NSP will later investigate her activities in North Korea.

On 28 June, Pak secretly entered North Korea with Chong Kyong-mo, 71, a news commentator residing in Japan. She laid flowers before Kim Il-song's statue on 7 July, and conducted pro-North activities for a month while in North Korea. An advance arrest warrant was issued on 25 July.

Professors Criticize Kwangju Decision

SK3107100995 Seoul YONHAP in English
0850 GMT 31 Jul 95

[FBIS Transcribed Text] Seoul, July 31 (YONHAP) — Korea University professors Monday [31 July] strongly criticized the prosecution's decision not to indict those involved in the bloody suppression of the "May 18 Kwangju Democratization Movement" in 1980, and urged the National Assembly to enact a special law to punish them.

The statement issued by 131 of the total 823 professors in the traditionally outspoken university also said that the prosecution's decision justifies the unconstitutional actions of taking power through violence and murder only to overthrow the constitutional principle that power comes from the people.

It is the first action taken by any university professors in relation to the prosecution's decision on the May 18 case.

The Seoul District Prosecutor's Office on July 18 wrapped up its 14-month-long investigation of the insurrection and other charges brought against former Presidents Chon Tu-hwan and No Tae-u and 56 others allegedly involved in the bloody military suppression of the May 18, 1980, Kwangju citizens' uprising after concluding that it had "no power to prosecute those charged."

The professors held a press conference at the "Inchon Memorial Hall" on the university's campus at 3:00 PM and issued the statement entitled "Our View on the Prosecution's Investigation Into the May 18 Case and Its Decision."

"The decision will pave the way for a second and third coup d'etat or similar actions and jeopardize the democratic foundation as well as destroy moral order in our society as a whole," the statement said.

The statement urged the prosecution to thoroughly reinvestigate the case and to punish those involved.

They also demanded that the National Assembly enact a special law to extend the statutes of limitations and introduce a special prosecutor system which will enable them to thoroughly reinvestigate the case and to have legal jurisdiction over all those involved.

They said they would send the statement to the prosecution, the National Assembly and the judicial branches of government and to the victims and assailants of the May 18 bloody suppression.

Burma

Ohn Gyaw Leaves for Brunei ASEAN Meeting

BK2607144195 Rangoon TV Myanmar Network
in Burmese 1330 GMT 26 Jul 95

[FBIS Translated Text] A delegation led by Foreign Minister U Ohn Gyaw left Yangon [Rangoon] by air this afternoon to attend the 28th ASEAN Ministerial Meeting to be held in Bandar Seri Begawan, Brunei Darussalam, from 29 July as the guest of the host country, Brunei.

The delegation was seen off at Yangon International Airport by ministers, responsible personnel, Singaporean Ambassador Mr. Calvin Eu Mun Hoo, Malaysian Ambassador Mr. Datuk John Tenewi Nuek, Indonesian Ambassador Mr. Mohamed Sanusi, Thai Ambassador Mr. Poksak Nin-ubon, and Philippine Ambassador Mrs. Sonia C. Brady.

NCGUB Representatives Meet, Reorganize

BK2907114295 Oslo Democratic Voice of Burma
in Burmese 1430 GMT 28 Jul 95

[FBIS Translated Excerpt] Members of parliament in the liberated area and members of parliament in exile met and held a conference in Sweden for the first time. Moreover, they also reorganized the National Coalition Government of the Union of Burma, the NCGUB. Correspondent Ma Thida, who was at the conference, filed this report:

[Begin Thida recording] The first conference of the members of parliament in the liberated area and members of parliament in exile, who were elected by the people during the 27 May 1990 multiparty general election, was held in (Dumas), Sweden from 16 to 23 July. I was at the conference to collect information and also conducted interviews. [passage omitted on a Swedish organization and the Norway-Burma Council's organizing the conference] There were two objectives of this conference. The first objective was to discuss the strategies on how the democratic forces and the NCGUB should support and assist our public leader, Daw Aung San Suu Kyi, after her release. The second objective was to reorganize the NCGUB due to the prevailing political conditions and to implement the NCGUB's activities more effectively with increased momentum in the future.

For various reasons, five members of parliament among the 18 who are in exile in India, Thailand, and the United States were unable to attend the conference. A person from the Burmese side who organized the meeting was [name indistinct], son of first Burmese President Sao Shwe Thaik and prime minister's adviser [to Dr. Sein Win]. U Win Khet and U Tin Aung, chairman and

vice chairman of the National League for Democracy, Liberated Area [NLD-LA]; (Saw Yan Mone), secretary of the United Nationalities League for Democracy; Dr. Naing Aung, chairman of the All Burma Students' Democratic Front [ABSDF] and member of the National Council of Union of Burma; Dr. Thaung Tun, members of the ABSDF Central Leading Committee and of the Foreign Affairs Department; U Maung Maung, secretary of the Burma Workers' Unions; U Aung Myit Tun, NLD-LA representative in Europe; and U Ngwe Aung and U Nyunt Aung, NCGUB representatives in Europe and England, attended the conference as observers. Swedish deputy foreign minister, [name indistinct], on 21 July attended the conference and delivered a speech. The deputy minister also held talks with people at the conference on the current political situation in Burma. He also reaffirmed that Sweden will provide all-around support for the democratic movement in Burma.

In a unanimous decision, the former NCGUB was abolished at this conference on 21 July. Under the secret balloting, Dr. Sein Win, chairman of the Party for National Democracy and elected representative of Paukaung Constituency, was unanimously appointed as prime minister and foreign minister of the new cabinet. The prime minister then appointed U Bo Hla Tint, elected representative of the National League for Democracy [NLD] from Mogoke Constituency-2, as minister of finance; U Teddy Buyi, elected representative of the NLD from Loileikaw Constituency-2, and Dr. Tint Swe, elected representative from Pale Constituency-2, as ministers of the Prime Minister's Office; U Maung Maung Aye, elected representative of the NLD from Mandalay Northeast Constituency-1, as minister of information; U Hkun Marko Ban, elected representative of the Democratic Organization for Kayan National Unity from Pekon Constituency, as minister of federal union affairs; U Thein Oo, elected representative of the NLD from Mandalay Southwest Constituency-2, as minister of justice; Dr. San Aung, independent elected representative from Ingabu Constituency-2, as minister for education and health; Dr. Zahle Tang, elected representative of the Chin National League for Democracy from Falam Constituency-2, as minister of social welfare and development; U Tha No, elected representative of the Arakan League for Democracy from Rathedaung Constituency-2, as minister of labor. Matters concerning the current political situation in Burma; the situation along the [Thai-Burmese] border; temporary laws, by-laws, and policies to be applied and implemented by the NCGUB; and the UN and international movements that will support the democratic movement inside the country were mainly discussed at the meeting. [end recording]

Declaration Issued

BK3007074995 (Internet) BurmaNet News in English
27 Jul 95

[Bommersvik Declaration of the Convention of Elected Representatives of the Union of Burma held in Bommersvik, Sweden on 16-23 July 1995]

[FBIS Transcribed Text] We, the representatives of the people of Burma, elected in the 27 May 1990 general elections, meeting at the First Convention of Elected Representatives from the liberated areas of Burma, hereby —

Warmly welcome the unconditional release of 1991 Nobel Peace laureate Daw Aung San Suu Kyi on 10 July 1995;

Thank all who have worked tirelessly and consistently for the release of Daw Aung San Suu Kyi and the cause of democracy in Burma;

Applaud Daw Aung San Suu Kyi's determination, in spite of having spent six years under house arrest, to continue to work to bring true democracy to Burma;

Recognize the courage and leadership of Senior General Than Shwe, Chairman of the State Law and Order Restoration Council (SLORC), in initiating the release of Daw Aung San Suu Kyi;

Welcome Daw Aung San Suu Kyi's return to politics to take up the mantle of her father, General Aung San, in Burma's second struggle for independence;

Affirm that the forces of democracy in Burma remain strong and dedicated to serve the people;

Re-affirm our determination to implement the principle that the will of the people shall be the basis of the authority of government as declared in the Universal Declaration of Human Rights.

Re-affirm our commitment to the establishment of a multi-party parliamentary democracy within the framework of a genuine federal union;

Fully agree with Daw Aung San Suu Kyi that in order to bring about peace, have stability and rebuild the nation, there is an urgent need for genuine political dialogue and negotiations between the Burmese military led by SLORC; the democracy movement led by Daw Aung San Suu Kyi; and Burma's ethnic leaders;

Believe that bitter enemies can work together for the betterment of their people as expressed by Daw Aung San Suu Kyi and as can be witnessed today in South Africa;

Encourage the people of Burma to respond to Daw Aung San Suu Kyi's appeal for support by continuing to work fearlessly for a genuine democracy;

Call on the people to exercise restraint and refrain from acts of unnecessary violence;

However, note with great concern that:

- To date, SLORC has not responded to Daw Aung San Suu Kyi offer of a dialogue,
- SLORC has broken its cease-fire with the Karenni National Progressive Party,
- SLORC is pursuing a policy of armed confrontation with Burma's ethnic peoples,
- Gross human rights violations such as forced labour are still being perpetuated,
- SLORC's National Convention to give the military a political role is still in progress,
- SLORC has not lifted its laws restricting fundamental rights of the people,
- Other political prisoners have not been released, and
- International agencies are still being denied access to monitor the situation

Join Daw Aung San Suu Kyi in expressing our disappointment with Japan for immediately renewing Official Development Assistance to SLORC without first ensuring that the military will engage in a substantive political dialogue with its opponents.

Fully agree with Daw Aung San Sun Kyi that foreign governments should not restore full diplomatic and trade ties with Burma until there is a transition to democracy;

Strongly urge governments contemplating improving relations with SLORC to refrain. Improved relations will only embolden SLORC to continue to ignore Daw Aung San Suu Kyi's offer for a dialogue. Instead, they should work directly with her and her associates and colleagues to improve the situation in Burma;

Call on international financial institutions such as the World Bank, the International Monetary Fund and the Asian Development Bank to refrain from resuming loans and grants until there is a transition to democracy;

Fully support Daw Aung San Suu Kyi's position that Burma needs foreign investments in the long term but that foreign firms should not invest in Burma for the time being;

Call on Total, Unocal, Texaco, Nippon Oil, Premier, and other oil and gas companies to suspend their operations in Burma pending a more stable political climate;

Strongly urge all companies already invested in Burma to pull out from Burma if their workers are not allowed by SLORC to organize independent trade unions;

Strongly urge nations that wish to see SLORC engage in a substantive and meaningful political dialogue with Daw Aung San Suu Kyi, to enact economic sanctions to force SLORC to accept a negotiated political settlement;

Encourage individuals and organizations to express their opposition to SLORC by continuing to boycott products and companies investing or doing business in Burma;

Further encourage individuals, clubs, organizations, unions, universities, town, cities, and states, to boycott products from Burma and companies doing business in Burma;

Call on the US government and other concerned international agencies to not renew 'drug eradication' assistance to SLORC in any form until a political solution to Burma's problems can be found;

Call on all Burma's neighbours and the international community as a whole to impose an embargo on arms and war supplies to SLORC;

Call on international agencies and non-government organizations [NGOs] to not increase humanitarian assistance to Burma until substantial progress is made towards a transition to democracy. Under SLORC's current restrictions on NGOs and international agencies, no assistance to the people of Burma can be delivered without indirectly supporting SLORC's repressive policies;

Call on tourists not to support "Visit Myanmar [Burma] Year — 1996" which is causing great hardship to the people of Burma. Forced relocations, forced labour and a disruption of essential services are direct by-products of SLORC's beautification program in anticipation of tourists;

Call on the Association of South East Asian nations (ASEAN) not to accept Burma as a member at this time. Instead, we would like to see regional organizations such as ASEAN, coordinate their efforts with the United Nations to find a political solution to Burma's problems;

Urgently urge the Secretary-General of the United Nations to fully implement the December 1994 resolution of General Assembly which calls for the Secretary-General to assist in the national reconciliation process; and finally, we -

Call on SLORC to implement the following to facilitate political dialogue and negotiations in the interest of national reconciliation:

- Respond officially to Daw Aung San Suu Kyi offer of a dialogue,

- Declare a nation-wide cease-fire,
- Cease all human rights violations including forced labour and portering,
- Abolish the current National Convention,
- Lift all laws restricting the fundamental rights of the people,
- Immediately and unconditionally release all other political prisoners,
- Officially establish a political dialogue with Daw Aung San Suu Kyi, and
- Allow international agencies free access to monitor the situation.

Until such time as these above requirements are met, nothing will have changed in Burma except for the release of Daw Aung San Suu Kyi.

We, hereby, call on all patriotic forces inside and outside Burma, whether they have signed cease-fire agreements with SLORC, are in the process of negotiating cease-fires with SLORC, or are continuing to resist SLORC, to unite and redouble their efforts to end militarism in Burma and to re-build a truly democratic and civil open society.

Free the People of Burma!

Sein Win Demands SLORC Meet With Suu Kyi

BK2907114395 Oslo Democratic Voice of Burma in Burmese 1430 GMT 27 Jul 95

[Statement issued by Dr. Sein Win, prime minister of the National Coalition Government of the Union of Burma]

[FBIS Translated Text] [Begin Win recording] Esteemed parents and people: We, the elected representatives, have been in [self-imposed] exile and in the liberated area for a long time. We have now gathered in Sweden for the first time. The majority of the members of parliament as well as representatives of the national people are also here at the meeting. We are able to meet here because Sweden has clearly shown its support for the democratic movement in Burma. An auspicious thing also took place before this conference, that is, to hear the news of Daw Aung San Suu Kyi's release. I, on behalf of all the people, would like to express gratitude to organizations, government, people and the [word indistinct] International Center for their support and assistance for this meeting. At this meeting, we were able to make decisions on various issues and outline our attitudes.

We believe that the national reconciliation mentioned by Daw Aung San Suu Kyi is essential in today's Burma. That is why, we demand that the SLORC [State Law and Order Restoration Council] immediately hold serious and meaningful official talks with Daw Aung San Suu

Kyi. We also demand that the SLORC halt all offensives and military preparations to attack the national ethnic forces. We want to say the SLORC should also fulfill the demands made by the United Nations to find a genuine political solution.

Our National Coalition Government of the Union of Burma [NCGUB] was also reorganized based on the changing conditions. In conclusion, I would like to say that we will put pressure from this side to bring about national reconciliation. If we continue to walk along the path laid down by Daw Aung San Suu Kyi, then Burma will be closer to achieving democracy. [end recording]

Aung San Suu Kyi Declines UNESCO Job Offer

*BK2907144195 Hong Kong AFP in English
1236 GMT 29 Jul 95*

[FBIS Transcribed Text] RANGOON, July 29 (AFP) — Burmese opposition leader Aung San Suu Kyi denied Saturday that she had accepted a post of UNESCO special advisor on democracy and human rights, saying her obligations here did not allow her to work overseas for the time being.

Aung San Suu Kyi refuted reports that she had accepted in principle on July 20 the offer to be special advisor to director general Frederico Mayor of the United Nations Educational, Scientific and Cultural Organisation.

"My obligation here would not permit me to take up work outside Burma (now officially known as Myanmar) at this time," she said.

Making a brief public appearance Saturday to greet well-wishers who gathered in front of her compound, Aung San Suu Kyi said she would also decline invitations to travel abroad.

"My work is here and I have no plans to travel," she said during a press conference Friday, when asked if she planned to travel either inside or outside the country.

Aung San Suu Kyi, the 1991 Nobel Peace laureate who was recently freed after six years under house arrest, has pledged to continue to work for democracy in her homeland.

A copy of her letter to UNESCO is expected to be issued Sunday.

Karen Rebels Report 'Major Offensive' by Rangoon

*BK3107073995 Hong Kong AFP in English
0616 GMT 31 Jul 95*

[FBIS Transcribed Text] Bangkok July 31 (AFP) — Ethnic Karen rebels have accused Rangoon of conducting a major offensive in the eastern Burmese state of

Karen, destroying or forcing the evacuation of 160 villages.

Burmese troops had been involved in widespread human rights violations, a statement received Monday from the Karen National Union (KNU) said, adding that residents of hundreds of villages had fled the fighting.

The KNU called on Burma's military government to halt the offensive and human rights violations, which it said included the seizure of women and children to serve as porters for the army.

It said the military operation "was counter-productive to the initiation of the process of dialogue and reconciliation" that Rangoon insists it is seeking with the insurgents.

The KNU, which led the Karen resistance for about four decades, was weakened by the defection in December of large numbers of fighters from the Buddhist majority, who were dissatisfied with the mostly Christian leadership.

The breakaway group led Burmese government forces into the former Karen headquarters at Manerplaw in April and has attacked KNU refugee camps in Thailand to force the return of soldiers and villagers.

The KNU statement did not mention any cooperation between the breakaway group and government forces in the latest offensive.

Returnees From Bangladesh Total 192,432

BK2807011195 Rangoon THE NEW LIGHT OF MYANMAR in English 13 Jul 95 p 7

[FBIS Transcribed Text] A total of 27 persons of five households were sent back to Kanyinchaung reception camp on 6 July under the agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 192,432 persons of 38,816 households have been transferred back since 22 September 1992.

Brunei, Malaysia & Singapore

Brunei

Foreign Minister Meets With Japan's Kono

*OW3107075695 Tokyo KYODO in English
0733 GMT 31 Jul 95*

[FBIS Transcribed Text] Bandar Seri Begawan, July 31 KYODO — Japanese Foreign Minister Yohei Kono called for Brunei's cooperation Monday [31 July] to make the Asia-Pacific Economic Cooperation (APEC) meeting in Osaka in November a success, Japanese officials said.

Kono made the remark during a 20-minute meeting with Bruneian Foreign Minister Mohamed Bolkiah.

The Japanese foreign minister arrived in Brunei earlier in the day to attend an annual ministerial meeting involving the Association of Southeast Asian Nations (ASEAN) and its trading partners.

Kono told Bolkiah that Japan is listening to other member countries' opinions in preparing for the implementation of the Bogor declaration, the officials said.

The declaration, adopted at last year's APEC forum, aims at liberalizing trade in the Asia-Pacific by 2020.

Bolkiah replied that Brunei will cooperate with Japan as much as possible and that it gives high marks to the preparations being made so far, such as the senior officials' meeting held in Sapporo, northern Japan, earlier this month.

Malaysia

U.S. Senate Vote on Bosnia 'Blow' to Clinton

BK3007123595 Kuala Lumpur BERITA HARIAN
in Malay 29 Jul 95 p 6

[Editorial: "Bosnia-Herzegovina: Clinton's Dignity Is Being Challenged"]

[FBIS Translated Text] The U.S. Senate's decision to pass a motion that demands the lifting of the arms embargo against Bosnia-Herzegovina to enable the Balkan republic to defend its sovereignty has dealt a blow to President Bill Clinton. As more than two-thirds of senators supported the motion or 69 senators were in favor and only 29 were against, President Bill Clinton has lost the right to use his veto to reverse the motion that demands the lifting of the arms embargo against Bosnia-Herzegovina. Like Bosnian Prime Minister Haris Silajdzic, who expressed his initial reaction to the move, we describe the Senate's decision as a victory for those who uphold the principles of justice. We are now awaiting a possible hurdle in the House of Representative. If the House of Representatives adopts a similar decision, Clinton can be considered powerless. The U.S. president, who once evaded military service in Vietnam, has now become the target of criticism by the Republican Party, which controls the Congress under the leadership of Bob Dole, and even Democratic leaders themselves such as Senator Joseph Lieberman, who was a joint sponsor of the motion.

Perhaps, Clinton thinks that the people support his pro-British policy as well his policy of maintaining good relations with Russia which clearly supports the Serbs. In fact, what he thinks is different from what the majority of American people think. They are able to see

clearly the brutalities in Bosnia-Herzegovina. However, he blamed the United Nations rather than his own policy on Bosnia-Herzegovina for the 69-29 vote. According to him, UN operations in Bosnia-Herzegovina have been ineffective. He will decide whether the United States will continue joint action with the world body or resort to other ways. Based on several clear indications, members of the House of Representatives and senators have similar views. Last month, 318 members of the House of Representatives supported the lifting of the arms embargo and only 99 were against. With the Senate's moral support, we see no reason that the House of Representatives will make a different decision.

Nevertheless, the Senate's decision was simply a political process in the United States. The forthcoming decision of the House of Representatives will be likewise. The decisions will no longer be important because Malaysia and members of the Organization of Islamic Conference [OIC] have dismissed the UN arms embargo against Bosnia-Herzegovina as illegal.

Even Bob Dole himself admitted that the embargo against Yugoslavia, which ceased to exist in 1991, had violated Article 51 of the UN Charter which says that a country has the right to self-defense. Dole's statement is a message to the world that drastic action must be taken to defend the people of Bosnia-Herzegovina and to countries that intend to supply arms to Bosnia-Herzegovina to do so without fearing U.S. retaliation because the Republican Party can rely on votes to overcome Clinton.

The most urgent task is to save the people of Bosnia-Herzegovina without relying too much on the irresolute United Nations and big powers that pretend to settle the conflict. The European and Russian Governments described the U.S. Senate's decision as a move that could step up the war in and the withdrawal of UN peacekeepers from Bosnia-Herzegovina. All this had been anticipated not only by the OIC when it decided to nullify the UN arms embargo in Geneva last week, but also by the Bosnian Government itself which has demanded that the pro-Serb resolution be scrapped ever since the war started.

What is needed now is that countries, especially OIC members, which are sympathetic to and able to give aid to Bosnia-Herzegovina, must rush to send arms to the republic. Only heavy and sophisticated arms will enable the people of Bosnia-Herzegovina to defend themselves against the brutal Serbs who inherited such weapons from Yugoslavia. Simultaneously, we hope that the doors for a peaceful solution to the conflict will not be closed, although the possibility is very remote. We do not want more Bosnian women to be raped,

more children to be killed, and more UN safe havens to be in name only as the United Nations and big powers are busy at the negotiating table. The lifting of the arms embargo will at least enable the people of Bosnia-Herzegovina to fight to defend their rights without hoping for too much for aid from the world body and big powers which have lost their humanitarian considerations.

Possibility Raised of U.S. Arms for Bosnia

BK2907101995 Kuala Lumpur UTUSAN MALAYSIA in Malay 29 Jul 95 p 13

[FBIS Translated Text] Kuala Lumpur, 28 Jul — Malaysia does not rule out the possibility of buying arms from the United States and selling them to Bosnia-Herzegovina as part of the effort to help them defend themselves from Serb terrorists.

Deputy Defense Minister Datuk Dr. Abdullah Fadzil Che Wan raised the possibility, although Malaysia has many options to obtain arms for Bosnia-Herzegovina.

He said any decision on the sale of arms to Bosnia-Herzegovina will depend on the type of arms they need as well as on Malaysia's ability.

"Further action will depend on a report to be issued by a joint committee of the Ministry of Foreign Affairs and the Ministry of Defense as soon as possible," he told a news conference after presenting a cheque to the Malaysian Badminton Foundation here today.

Yesterday, Malaysia set up a joint committee of the Ministry of Foreign Affairs and the Ministry of Defense to study several options on the sale of arms to Bosnia-Herzegovina.

The U.S. Senate yesterday passed a motion that calls for the lifting of the arms embargo against Bosnia-Herzegovina by a 69-29 majority, which exceeded a two-thirds majority needed to deny President Bill Clinton the right to use his veto.

Dr. Abdullah said Malaysia hails the U.S. Senate's decision to demand the lifting of the arms embargo against Bosnia-Herzegovina and hopes that the world will accept the decision as a message that not only Malaysia and members of the Organization of Islamic Conference but also several Western countries, including the United States, oppose the brutalities.

"Now, we ask NATO to be fully responsible for taking necessary action on the basis of the sentiments of the international community.

"Obviously, we are already fed up and bored with the partiality of Western countries in handling the issue. Their attitude has caused the issue to drag on," he said.

According to him, Malaysia is also trying to send arms to members of the Malaysian Battalion who are performing their peacekeeping mission there.

Malaysia's recent request to increase the strength of the Malaysian Battalion to a brigade was rejected by the United Nations because of the uncertain situation in Bosnia-Herzegovina.

Alatas-Qian Talks on Maritime Disputes Cited

BK2807122295 Jakarta KOMPAS in Indonesian 28 Jul 95 pp 1, 11

[FBIS Translated Excerpt] Bandar Seri Begawan, KOMPAS — Indonesian Foreign Minister Ali Alatas on Thursday (27 July) again explained the results of his recent talks with Chinese Foreign Minister Qian Qichen. The Chinese Government has agreed to settle territorial disputes in the South China Sea on the basis of contemporary international maritime laws.

"I am pleased with China's explicit statement that it is ready to resort to peaceful negotiations on any dispute in the South China Sea on the basis of international laws, including the 1982 UN Convention on the Law of the Sea," he said.

"KOMPAS reporter Budiarto Shambazy reported from Bandar Seri Begawan last night that Alatas' confirmation had been long awaited by reporters because it was the first time Foreign Minister Qian Qichen has made the statement.

Before the statement was made, China had never explicitly pronounced its adherence to the 1982 UN Convention on the Law of the Sea. Beijing has not ratified the convention.

In Jakarta, a KOMPAS source at the Department of Foreign Affairs said China stated during the Alatas-Qian talks in Beijing that its claim of the South China Sea was based on a 1958 declaration on the South China Sea and the 1992 Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone.

According to the source, Qian Qichen admitted the existence of disputes with other countries due to the claim. "Accordingly, Qian Qichen has agreed to settle the disputes on the basis of contemporary international maritime laws, including the 1982 UN Convention on the Law of the Sea," he said.

Alatas and Qian also touched on the Natuna issue during their talks. According to Qian, the Natuna islands belong to Indonesia, China has never claimed the islands, and China and Indonesia have no overlapping claims.

Foreign Minister Qian, however, said China is ready to hold talks with Indonesia if there are disputes over their sea boundaries.

According to the KOMPAS source, the fact that Qian Qichen said "if there are disputes" implies China's claim of the Natuna islands.

Foreign Minister Alatas asked his counterpart whether Indonesia could ask China for a reply to a diplomatic note it sent on the Natuna islands two years ago.

According to the KOMPAS source, Foreign Minister Qian simply said that his statement could adequately serve as a reference. [passage omitted on upcoming ASEAN ministerial meeting in Bandar Seri Begawan]

Mahathir Holds Talks With Mongolian Premier

BK3007122295 Kuala Lumpur NEW STRAITS TIMES in English 28 Jul 95 p 3

[Report by G. Danapal]

[FBIS Transcribed Text] Kuala Lumpur, Thurs. [27 July] — Malaysia and Mongolia have agreed to step up their economic and trade relations and hope to achieve this through air and road links.

Prime Minister Datuk Sri Dr. Mahathir Mohamed in talks with his Mongolian counterpart, Puntsagiyn Jasray, agreed that the matter ought to be looked into by both countries as a way to enhance bilateral relations.

This was stated by Foreign Minister Datuk Abdullah Ahmad Badawi who was briefing reporters on the outcome of the discussions at the Prime Minister's Department.

Jasray arrived here yesterday with a 60-member delegation for a four-day visit.

Abdullah said the two countries would sign an air service agreement when Dr. Mahathir visits Mongolia next year. He said Jasray extended the invitation to Dr. Mahathir during this morning's meeting.

The air service agreement was being worked out by both sides, he said, adding that while air link was one way, efforts had to be made to find suitable road links.

"A suitable land route will allow our country to export more to Mongolia because at present our relations with Mongolia is minimal although we have had diplomatic relations since the early 1970s."

Abdullah said the two prime ministers agreed that efforts should be made to step up bilateral relations in other fields.

"We offered training facilities in diplomacy and management to Mongolian officers, while Jasray proposed

that Malaysian businessmen invest in his country on their own or through joint ventures."

Among the areas mentioned were mining, tourism, livestock breeding, and commerce.

Mongolian businessmen accompanying Jasray are also expected to sign several memorandums of understanding (MoUs) with their Malaysian counterparts over the next three days for possible joint-venture projects in Mongolia.

They include the construction of a duty-free complex, hotel, the Malaysia-Mongolia Investment Bank, housing, and highways.

Abdullah said today's signing of the investment guarantee agreement and the double taxation agreement between Malaysia and Mongolia would enhance bilateral economic and trade relations.

Mongolia is the 44th country to sign an investment guarantee agreement with Malaysia.

The two countries, he added, would also seal a third agreement, a bilateral payment agreement.

The signing of the two agreements in the Prime Minister's Department was witnessed by Dr. Mahathir and Jasray.

International Trade and Industry Minister Datuk Sri Rafidah Aziz signed both agreements on behalf of Malaysia.

Mongolia's minister of external relations, Tserenpiliyn Gombosuren, signed the investment guarantee agreement on behalf of his country, while its trade and industry minister Tsevegmiidiyn Tsogt signed the double taxation agreement.

Bilateral trade between Malaysia and Mongolia amounted to RM [Malaysian ringgit] 1.88 million in 1993 and RM3.3 million in 1994. The trade was in Malaysia's favour with a trade surplus at RM500,000.

Soap and detergents formed 65.9 percent of the total exports, worth RM1.7 million, by Malaysia to Mongolia last year. The rest were cereal preparations, non-alcoholic drinks, electrical and non-electrical appliances, and apparel accessories.

Malaysia's import was RM1.6 million worth of goods like semi-conductors and base-metal ores.

Abdullah also said that Jasray, in his discussion with Dr. Mahathir, expressed his country's interest to have closer ties with countries in the Far East, including Islamic nations and participate in various forums and multilateral organisations in this region.

He said Gombosuren also indicated his country's desire to be involved in the ASEAN Regional Forum and to have closer ties with ASEAN.

"I promised him that I will convey his country's desire to my ASEAN counterparts when I attend the forthcoming ASEAN ministerial meeting in Brunei."

Jasray also attended a briefing at the Economic Planning Unit in the Prime Minister's Department.

At a dinner hosted in his honour by Dr. Mahathir at Seri Perdana tonight, Jasray expressed Mongolia's desire to join the Asia-Pacific Economic Cooperation (APEC) and to participate in the ASEAN Regional Forum.

"With the development of a democratic and restructuring process in our country, Mongolia has abandoned its one-sided foreign policy and opted for an open and non-aligned one.

"One of the major objectives of our foreign policy is to promote bilateral relations with the countries in Asia and the Pacific and to participate in regional multilateral cooperation as well as political and economic integration process," he said.

He said Mongolia was also confident that Malaysia would realise its vision 2020 objective of becoming a developed nation.

In reply, Dr. Mahathir said Malaysia was ready to share with friendly countries, including Mongolia, whatever experience and expertise it has acquired in several areas of economic activities and planning.

He said modest as it may be, the offer reflected Malaysia's firm belief in the importance of South-South cooperation.

"We hope our offer to cooperate in human resources development and provide training under the Malaysian Technical Cooperation Programme will complement Mongolia's own efforts to develop the country.

"We see enormous potential in such cooperation not only as a means of mutual help and support for economic development but also as a way of freeing ourselves from total dependence on the rich and powerful nations."

Dr. Mahathir said events in many parts of the world today amply demonstrated that dependence on the rich and powerful nations, while carrying a high price tag, was quite often unreliable.

"They are likely to be cut off if we are not compliant. The world is seeing today how shallow is their commitment to their much touted principles.

"If they have no economic reasons, they are quite willing to forget principles."

Praising the Mongolian leader for pursuing policies and measures to develop his country and give his people a better life, Dr. Mahathir said:

"The economic liberalisation that your government has introduced and the opening of the economy to private sector participation, both from Mongolia and abroad, will not only hasten the development of the Mongolian economy but also provide opportunities for cooperation and collaboration between our two countries."

He said the understanding that the two countries had reached to promote trade and investment, together with the signing of the agreement on avoidance of double taxation and the investment guarantee agreement had laid a good foundation for closer economic relations between Malaysia and Mongolia.

He hoped the public and private sectors of both countries would build upon the foundation established by the two governments by entering into mutually beneficial cooperation and ventures in Malaysia and Mongolia.

Official Criticizes Japan for Summit Remarks

BK2807094995 Kuala Lumpur THE STAR in English
27 Jul 95

[Received via Internet]

[FBIS Transcribed Text] Bandar Seri Begawan — Malaysia has criticised Tokyo for saying that it may reconsider its participation in the proposed Asia-Euro Summit unless Asean includes Australia and New Zealand as participants.

Foreign Ministry secretary-general Tan Sri Ahmad Kamil Jaafar said he would wait for Tokyo "to tell us face-to-face."

"So far, Japan has been telling this to other people. "I would like them to tell me face to face," he told foreign journalists here yesterday.

His strong remarks came a day after Malaysia stood its ground that Asean should stick to its earlier decision to maintain participation of Asian economies in the summit to 10.

Ahmad Kamil said on Tuesday that the group should not be so large as to undermine the effectiveness of the summit.

He added that there was no need to evaluate participation.

Agreement With Iran on Islamic Issues Noted

95SE0160A Kuala Lumpur BERITA HARIAN
in Malay 8 Jun 95 p 7

[FBIS Translated Text] Subang, 7 June—Malaysia and Iran hold almost the same views on all international and foreign issues, especially concerning the interests of the Islamic community as a whole.

Sayed Hossain Marashi, staff chairman of the Office of the President of Iran, said that Malaysia and Iran agree in rejecting the possession of nuclear weapons by the great powers.

Furthermore, he said, the two countries do not agree with the actions taken by the developed countries to help the nuclear programs of small countries.

He stated at Kuala Lumpur International Airport on the evening of 7 June before leaving Malaysia to return to his country: "The two countries have similar views regarding Zionism and are aware of the importance of seeking a way to resolve existing issues in Afghanistan and Bosnia-Herzegovina as quickly as possible."

The delegation led by Sayed Hossain, who is also chairman of the Board of Directors of Karman Steel Industries, made a four-day visit to Malaysia. Present at the airport with him was Eric Chia, managing director of Perwaja Steel Ltd.

Regarding his meeting with Prime Minister Mahathir Mohamad, Sayed Hossaini said that they discussed a number of international and foreign political issues.

He said: "I also brought an important message from President Ali Hashemi Akbar Rafsanjani to the prime minister of Malaysia and I am bringing back a message in response to our president."

State Bank Reports 1st Quarter Economic Figures

95SE0160B Kuala Lumpur BERITA HARIAN
in Malay 8 Jun 95 p 1

[Article by Azman Ahmad Termizi: "All Sectors of the Economy Grow: Gross Domestic Product Increases by 9.9 Percent"]

[FBIS Translated Text] Kuala Lumpur, 7 June—The Malaysian economy continued to grow steadily, recording an increase of 9.9 percent in Gross Domestic Product during the first quarter of 1995, compared to the same quarter of 1994.

In a statement issued on 7 June the Bank Negara Malaysia [Malaysian State Bank] said that this growth was assisted by continuing, good performance in the manufacturing sector, which increased by 15.2 percent

during the first quarter of 1995, compared to 13.8 percent during the same period of 1994.

The construction sector increased by 14.5 percent, compared to 15.0 percent during the previous quarter in 1994. Agriculture increased by 9.9 percent, compared to 9.0 percent. Mining increased by 7.9 percent, compared to 3.1 percent. The services sector grew by 8.3 percent, compared to 9.0 percent in the previous quarter.

The Bank Negara stated that growth was increasingly steady in the manufacturing sector, helped by the development of export based industry, which increased by 17.4 percent, while industry based on the domestic market increased by 12.8 percent.

For export-based industry, higher output was recorded by the electronics and electric industry, which increased by 23 percent; the output of processed agricultural products rose by 11.2 percent; and textiles and clothing production expanded by 11.7 percent.

The Bank Negara said that for industry based on the domestic market seven out of 10 factories recorded higher growth, particularly industries producing iron and steel and non ferrous metals (37.2 percent). The output of metallic ore rose by 35.7 percent; petroleum output, by 25.7 percent; and transportation equipment, by 23.5 percent.

From the point of view of demand, according to the central bank, a number of selected indicators of consumption and private investment indicate that demand in the private sector continued to grow during the period under review.

Purchases by consumers of finished goods, as indicated by a steady increase in loans extended by the banking system for personal consumption and the import of consumption goods, also rose.

During the first quarter of 1995 collections of sales tax and taxes on services recorded a larger increase, he said.

The central bank stated that other indications show that private consumption remained firm. There was rapid growth in sales of passenger vehicles, with an increase in the order of 50.4 percent on an annual basis.

Furthermore, the investment sector also showed signs that private investment held firm with an expansion in loans extended to the construction sector at a rate of 14.1 percent on an annual basis. Meanwhile, imports of capital goods recorded a growth of 30.8 percent during the period under review.

The Bank Negara stated that, although the total value of investment approvals granted by the Malaysian Industrial Development Board was lower during the

period under review, compared with 1994, physical investment in the manufacturing sector was considered firm and similar to the growth apparent in investment approvals in 1994.

Meanwhile, as a reflection of the financial foundations which continued to be firm during the period under review, the rate of annual growth of all financial aggregates continued to be moderate. The inflation rate also held steady at 3.2 percent during the first quarter of 1995.

Singapore

Banker Named Deputy Prime Minister

95P30127A

[FBIS Editorial Report] The 28 June Kuala Lumpur UTUSAN MALAYSIA in Malay on page 7 reported that Tan Keng Yam, a leading banker and current chairman of the ruling People's Action Party, is rejoining the Singapore Government as deputy prime minister and minister of defense. Tan will retire as chairman and chief executive officer of the Overseas Chinese Banking Corp. Ltd. at the end of July to begin his duties on 1 August as one of the two deputy prime ministers in Prime Minister Goh Chok Tong's cabinet.

When the 55-year-old Tan resigned as education minister in 1991, he said that he would put the nation's interest above personal considerations, hence his return to the government when a position was offered. Tan holds a degree from a local university with first class honors in physics and a doctorate in applied mathematics from an Australian university. He previously held the trade and industry, finance, as well as health portfolios in the Singapore cabinet.

Cambodia

Visit by Secretary of State Christopher Previewed

BK3107095695 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 30 Jul 95 pp 1, 2

[Article by Meanop under the rubric "This Issue's Comment": "Cambodia's Opportunity During Christopher's Visit"]

[FBIS Translated Excerpt] It is really very significant for a small and poor country like Cambodia to receive an official visit from one of the leaders of the world's superpower. The visit by a high-ranking U.S. leader is certainly not an accident nor due to the effect of opposition to the Cambodian Government. It is the situation in Cambodia — Cambodia's security, peace, and political stability — that is the main reason for this historic visit.

U.S. Secretary of State Warren Christopher and a 120-strong delegation will pay a one-day official visit to Cambodia on 4 August. During his visit, Christopher will hold discussions on a number of important issues with the co-prime ministers and with Cambodian Foreign Minister Ing Huot. [passage omitted recalling past visits by U.S. leaders]

Christopher's visit will again display the full support of the United States for the Cambodian Government and for Cambodia's peace and stability. It is also meant to encourage Cambodia to make progress in its national development in line with the favorable conditions created by the United States in providing Cambodia with MFN [most-favored nation] status.

The state of enmity that existed for the last 20 years between Cambodia and the United States has been a bitter experience in Cambodian history; that is, Cambodia has achieved nothing but destruction and war. The bad consequences of war dragged on until 1993, when the general election was held. These past experiences should serve as a lesson for the present Cambodian leaders to review the government's policies and seize every favorable opportunity and chance to boost our national prosperity.

From now on, Cambodia should always cooperate with the United States and not repeat past mistakes. We should also remember that as a small country, we should be flexible and understand how to win the sympathy, support, and assistance of the superpowers in our national development. [passage omitted citing U.S. Embassy on accommodation needs of U.S. delegation]

Ranariddh Discusses Visit

BK3107143795 Phnom Penh National Radio of
Cambodia Network in Cambodian
1300 GMT 31 Jul 95

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, has said that with U.S. Secretary of State Warren Christopher's trip to Cambodia on 4 August, the U.S. Government does not have anything to worry about in Cambodia. In particular, the secretary of state, by making the official visit, is not thinking whether or not democracy already exists in Cambodia or whether or not human rights have been violated in the country as charged.

The prince krompreah stated this when asked by reporters [words indistinct] when he presided at a ceremony to pray for rain in the Royal Palace on the morning of 29 July.

The prince said the visit to Cambodia by Warren Christopher will show support for the Kingdom of Cambodia and the (?Royal Government of Cambodia). Another important point, he added, is that Warren Christopher will be received in audience by His Majesty Norodom Sihanouk, the King of Cambodia, at the Royal Palace.

It should be noted that the king is reportedly scheduled to arrive in Phnom Penh on 3 August. He will receive the U.S. secretary of state on 4 August.

The prince krompreah also said that (?at a meeting with Warren Christopher) he will urge the United States to assist Cambodia especially in the fields of economic restoration, investment, and national reconstruction.

The prince denied the report that the Royal Government plans to request arms aid from the United States. He stressed that Cambodia will not ask for weapons from the United States; what Cambodia needs is nonlethal aid or national reconstruction assistance.

The prince pointed out that the United States had recently voted to grant MFN [most-favored-nation] status to Cambodia with no opposition or condition. It presented a report the U.S. Senate [words indistinct] between Cambodia and the United States.

Recently, over 100 U.S. investment companies wrote to the U.S. Senate requesting that MFN be granted to Cambodia as quickly as possible because they want to invest in Cambodia.

Soldiers Accuse Thais of Assisting Khmer Rouge

BK3007114995 Hong Kong AFP in English
0818 GMT 30 Jul 95

[FBIS Transcribed Text] Poipet, Cambodia, July 30 (AFP) — Cambodian soldiers and a senior Army commander Sunday blamed interference from Thai civilians and military for their failure to capture a key Khmer Rouge base.

Phnom Penh troops completed their withdrawal from positions around Khlar Ngoap about 15 kilometers (nine miles) south of this border town late last week under heavy counter-assaults from the rebels. Their retreat route crossed several Khmer Rouge minefields.

Wounded soldiers in the Red Cross hospital at Mongkol Borei, [word indistinct] kilometers east of here, said the Khmer Rouge artillery and ground assaults came not the south and west — rebel-held territory in Cambodia — and the north, in Thailand.

"Thai help is very important for the Khmer Rouge," the senior commander for the area based near the Thai

border told AFP, "without it they could not push us back."

He said a large number of the estimated 200 casualties his troops sustained were caused by direct or indirect Thai assistance to the rebels. But he declined to give numbers as he said this would disrupt talks on the issue between top-ranking Cambodian and Thai officials.

The Cambodian Army's deputy chief of staff General Nhoek Bunchhai is known to have visited Bangkok at least once this month to discuss the problem.

Thailand has denied it still offers aid to the outlawed Khmer Rouge, and the commander said senior civilian and military authorities had made "serious efforts" to stop the assistance.

"It doesn't do any good though," he said. "Once they leave it goes back to the way it was before."

Thai merchants and mid to low-ranking Thai soldiers in border towns have made substantial profits from trading with and sheltering the guerrillas.

Recent allegations by Cambodian officials in the northern province of Preah Vihear that the Khmer Rouge maintained a base in Thailand drew strong denials and condemnation from Bangkok.

Several of the wounded soldiers in the Mongkol Borei hospital said they had been fired at from Thailand as their comrades evacuated them from front-line positions near Khlar Ngoap, a strategic rebel position 20 kilometers from their military stronghold of Phnom Malai.

"I was being carried in a hammock when shots were fired at us from a Thai tank," said one soldier who lost his right foot in a landmine explosion while retreating after being hit in the left leg by a Khmer Rouge bullet.

Though they have withdrawn, the Cambodian army intends to launch another offensive at Khlar Ngoap "very soon," the commander said.

"Poipet and the road must be made safe," he said, referring to Cambodia's only official land crossing with Thailand and Route 5, one of the countries most economically important roads, which runs from the border southeast to Phnom Penh.

The Khmer Rouge, attempting to disrupt border trade, have frequently shelled Poipet causing scores of civilian deaths and injuries. The last attack on Thursday killed a Buddhist monk in a temple, according to aid workers and townspeople.

Despite the threat from the guerrilla group, the border checkpoint has remained open and trade appears to thrive.

Ranariddh, Vo Van Kiet Hold Talks in SRV

BK2907115295 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 28 Jul 95

[FBIS Translated Text] At the invitation of SRV Prime Minister Vo Van Kiet, Prince Krompreah Norodom Ranariddh, accompanied by Princess Marie Ranariddh, and a number of ministers and state secretaries of the Royal Government, paid a private visit to Ho Chi Minh City on 26 July 1995.

The delegation was welcomed by the vice chairman of the Ho Chi Minh City committee and officials representing the foreign affairs service of Ho Chi Minh City. It also visited cultural and artistic centers.

On 27 July 1995, the delegation visited Dalat where it was welcomed by His Excellency Prime Minister Vo Van Kiet.

Khmer Rouge Radio on Talks

BK3007123295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 29 Jul 95

[Unattributed commentary]

[FBIS Translated Text] It is reported that the communist Vietnamese puppet Ranariddh recently held a secret meeting with communist Vietnamese Prime Minister Vo Van Kiet in Dalat City of the Vietnamese Lam Dong Province.

What was the purpose of Ranariddh's secret meeting with Vo Van Kiet? The ghoulish Ranariddh was generally believed to have asked the communist Vietnamese forces to come and help further fight the Cambodian nation and people. They needed to talk in advance because when U.S. Secretary of State Christopher comes, they will ask the United States (?to provide financial aid to the communist Vietnamese forces and the ethnic Vietnamese in Cambodia).

This is evidence that the two-heads are jerking vigorously in agony. As they have no forces of the people with them, they need to ask for help from communist Vietnam.

If the traitor Hun Sen was allowed to go and see the communist Vietnamese, it would not be really worth it because the latter was penniless. So it was better to let the ghoulish Ranariddh go because the latter was worth more since the West and the United States (?always give money when he asks for it).

It is worth remarking that those loathsome ghouls have never given up their aggressive strategy that runs counter to international law, the UN Charter, the

Paris accord, and the rights to self-determination of the people, both in Cambodia and the world.

This action has prompted the Cambodian nation and people as well as the people of the world to heighten their constant vigilance and continue their struggle resolutely against the enemies in all sectors and fields with a view to protecting their rights to self-determination, sovereignty, territorial integrity, and honor.

Ranariddh: High-Level KR Defections Imminent

BK2907100695 Hong Kong AFP in English 0420 GMT 29 Jul 95

[FBIS Transcribed Text] PHNOM PENH, July 29 (AFP) — Cambodia's First Prime Minister Prince Norodom Ranariddh said Saturday that several high-ranking Khmer Rouge [KR] officials were preparing to defect to the government and would switch sides soon.

His statement comes two days after Phnom Penh troops began to withdraw from areas near rebel positions in the country's northwest province of Banteay Meanchey close to the Thai border after failing to take a key Khmer Rouge base in heavy fighting.

Prince Ranariddh named a well-known, senior guerrilla commander in the province who had already brought two of his children out and was waiting to bring out his wife before making the move himself.

He "can't come alone, he has to wait for his wife," the prince said.

Senior military officials told AFP that talks were under way with the commander, but asked that his name not be used to protect him and his wife.

"Since we are still talking with him, if his name is released he will be in danger," said Ek Sereivoat, secretary of state for the ministry of defense.

Prince Ranariddh also said that guerrillas, including commanders around Tonle Sap, the large lake in the center of the country, were preparing to defect and said that fighting in that area should soon stop.

"They have sold most of their boats to villagers and have moved onto land, they will defect to us soon," the prince said.

On a related matter, Prince Ranariddh said that the government would refuse to negotiate with the Khmer Rouge should they ask for peace talks.

On Thursday, in a speech broadcast on clandestine Khmer Rouge radio, Chan Youran, deputy prime minister of the Khmer Rouge provisional government, stopped short of asking for renewed talks with the

government but said that continued war was counter-productive and that negotiation was key to Cambodia's survival.

"Tell Chan Youran there is nothing to negotiate," Prince Ranariddh said.

But he repeated the government's stance that if the Khmer Rouge wanted to lay down their arms, those who were not responsible for the atrocities committed during their reign in the 1970s would be able to form a new political party and join in the 1998 elections.

"There will be no negotiation, but they should stop using violence and come to our side, except for Pol Pot and his top colleagues, and maybe Khieu Samphan and Sam Rangsai can join the opposition together," he said.

Khieu Samphan is the rebels' nominal leader and Sam Rangsai, a former close associate of Prince Ranariddh and an outspoken critic of the government, is the government's former finance minister who was thrown out of parliament last month.

Khmer Rouge Claim Railway Lines Remain Blocked

BK3007135795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 29 Jul 95

[FBIS Translated Text] The following are reports on the continued destruction by the National Army of Democratic Kampuchea [NADK] and people of the Battambang-Kompong Chhnang railway line and the Phnom Penh-Kompong Som line in Prey Nop District:

1. On 25 July, the NADK, in cooperation with the people, staged a three-pronged attack to cut off the portion of the two-headed railway tracks between Reang Kdol and Krang Chhvea in Toek Phos District [Kompong Chhnang Province].

The first prong was directed at an enemy position protecting a railway bridge. We killed an enemy soldier on the spot and wounded three others; we destroyed a machine gun, a B-40 rocket launcher, an AK assault rifle, and five barracks; and we seized two AK and an AR-15 rifles and some ammunition and war materiel.

In the second prong, we completely destroyed a 50-meter railway bridge.

In the third prong, we cut off a portion of rail tracks with two pits each 2 meters deep and 2 meters wide.

2. On 25 July, the NADK joined our people in destroying a 7-meter railway culvert in an area between Krakor and Kamreng.

3. On 26 July, the NADK joined our people in further cutting off the two-headed railroad in an area between the Totoeng Thngai and Kdol stations with a pit 4 meters deep and 2 meters wide.

On 27 July, the NADK joined the people in further cutting off the two-headed railway tracks in an area between the Kamreng and Boeng Smok stations with a pit 2 meters deep and 4 meters wide.

4. On 25 July, the NADK joined our people in further cutting off the two-headed railway line in an area between the (Chamhieng) and Thnal Dach station in Moung District with a pit 1.5 meters deep and 2 meters wide.

5. On 26 July, the NADK joined the people in further cutting off the two-headed railway line in an area between Reang Kerei and Svay Cheat in Banan District with a pit 1 meter deep and 2 meters wide.

6. On 27 July, the NADK joined our people in further cutting off the two-headed railway line in an area between Kouk Trom and Thippadei in Banan District with a pit 3 meters deep and 5 meters wide.

7. On 25 July, the NADK joined our people in completely blowing up the following two railway bridges on the two-headed Phnom Penh-Kompong Som line in Prey Nop District: the first one 50 meters long in an area between Trapeang Lpeou and Kaoh Toch villages and the other 25 meters long in an area between Toek Thla and Toek Thleak.

In sum, the NADK and our people have completely cut off the Battambang-Kompong Chhnang line with 131 pits for nearly two months since 14 June. We have also blown up five bridges each 50, 40, 38, 28, and 25 meters long respectively and seven culverts.

At present, we continue to destroy the Phnom Penh-Kompong Som line until it is completely cut off like the Battambang-Kompong Chhnang one.

The Battambang-Kompong Chhnang-Phnom Penh and Phnom Penh-Kompong Som lines are the two-heads' blood vessels. The portion between Battambang and Kompong Chhnang Provinces has been blocked by the NADK and people for nearly two months. The two-heads can no longer use this line to ship supplies to continue war. Our people along the railway line are currently joining forces with the NADK to cut off the tracks more vigorously, turning it into holes, ponds, or streams. The two-heads are prevented from repairing the line until they end the war.

The NADK and our people are able to move around and attack to destroy every portion of the Phnom Penh-Battambang and Phnom Penh-Kompong Som lines.

The two-headed forces get stuck everywhere but the two-heads keep making them move around just like aimlessly jumping monkeys.

'Conflict' Within BLDP Examined

BK2907133595 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 29 Jul 95 p 2

[Report by Chan Reaksmei]

[FBIS Translated Excerpt] The "conflict" within the Buddhist Liberal Democratic Party (BLDP) was rife when the party's extraordinary congress was held on 9 July at which Samdech Son Sann was removed as party leader and replaced by Ieng Muli.

Samdech Son Sann recently wrote to Prince Krompreah Norodom Ranariddh and Samdech Chea Sim requesting them not to recognize the 9 July congress.

Samdech Son Sann said that this congress was illegal and defended his move to remove Ieng Muli from the party based on the party's constitution and internal regulations.

Samdech Son Sann wrote that article 4 of the BLDP's laws states that "membership in the party can be taken away by the executive board when the member violates party's principles."

Samdech Son Sann added that he will organize a party congress on 1 October and asked government leaders to wait for the decision of the congress before deciding to recognize the resolution of the 9 July congress. [passage omitted on background material on Son Sann-Ieng Muli conflict]

Although Ieng Muli was victorious at the congress, the crisis in the party is not yet over. Along with the nonsupport of a number of party's deputies in the assembly for Ieng Muli, on 13 July the latter issued a letter to the co-interior ministers, with reference to the resolutions of the 9 July congress, expressing no-confidence in Samdech Son Sann, Son Soubert, Keat Sokun, Koy Chhoeun, Kem Sokha, and Pol Ham, all of the party's deputies in the assembly.

The message also prohibits the illegal use of the party's emblem, sign, and seal to open offices or call meetings, or affect any party posts. Offenders will be reported to competent authorities.

This communique is also aimed at thwarting Samdech Son Sann's plan to convene another party congress on 1 October. The crisis in the BLDP does not seem to be over yet. Local observers are waiting to see whether Ieng Muli can successfully keep his party leader position and whether the congress planned by Samdech Son Sann will materialize. Who will be the referee in this conflict?

Indonesia

Editorial Welcomes SRV Membership in ASEAN

BK2907133595 Jakarta KOMPAS in Indonesian
28 Jul 95 p 4

[Editorial: "Vietnam's Membership Brings Closer ASEAN's Dream of a United Southeast Asia"]

[FBIS Translated Text] The ASEAN foreign ministers meeting, AMM, beginning in Bandar Seri Begawan on Friday will include Vietnam as a new member. The senior officials meeting, SOM, held prior to the AMM, paved the way for Vietnam's admission into ASEAN. On Thursday, 27 July, Vietnam formally became a full member of ASEAN in a ceremony to formalize the declaration of its membership and the alteration of the group's symbol. With this, ASEAN's six member countries — Brunei Darussalam, the Philippines, Malaysia, Indonesia, Thailand, and Singapore — have now become seven.

Vietnam has long voiced its intention to join ASEAN. In the past, the main reason for ASEAN's reluctance to accept Vietnam as a member was the country's invasion of Cambodia in 1978. There are no more obstacles left for Vietnam to join ASEAN now that its troops have withdrawn from Cambodia and the Cambodian conflict is considered settled. Vietnam has also adopted a market economy. In 1992, Vietnam became a signatory to the Treaty of Amity and Cooperation in Southeast Asia, TAC, formulated at the ASEAN summit in Bali in 1976.

Looking at the history of ASEAN, Vietnam's admission to the group is an irony. ASEAN was formed in 1967, among other reasons, to act as a "shield" to fend off communist influence from the Indochinese area. It looks like the passage of time has changed many things. The end of the Cold War has seen a thaw in relations between countries opposed to each other due to ideological differences.

This has also changed the face of Vietnam. Vietnam, with a population of 73 million, still maintains a communist system of government. Economically, though, at the end of the 1980's it moved in stages to a market economy system. In 1989, Vietnam opened its door wide to foreign investment. This development made ASEAN, which used to consider Vietnam a potential threat to its ideology and security, view it as a competitor as well as a partner in economic development in the region.

Vietnam's belief that regional stability will greatly contribute to efforts to improve its people's welfare has strengthened the confidence of other Southeast Asian countries that Vietnam's good intentions will

bolster cooperation. Vietnam has benefited greatly since coming out of isolation and establishing cooperation with the international community to build its economy. The improvement in the standard of living in the ASEAN member countries caused by their success in development has made them more confident in facing ideological challenges, including Vietnamese communism.

It is hoped that Vietnam's membership in ASEAN will strengthen regional stability and in turn make it possible for the member countries to concentrate more on development implementation. Several conflicts in the region are upsetting the harmonious life of people in the ASEAN member countries. Vietnam is involved in some of them, such as the overlapping claims to the Spratly Islands. Now it will be easier to resolve this issue.

The world sees Southeast Asia, particularly ASEAN, as part of an East Asia region that is enjoying dynamic economic growth. There is a vast opportunity for ASEAN to continue growing, especially if it can fully utilize its internal potential while at the same time maintaining stability in the region. With a population of over 350 million, ASEAN will become a potential market for the production sector of member countries. The only challenge is how the member countries can best implement the various frameworks for economic cooperation that have been agreed upon, especially the ASEAN Free Trade Area, or AFTA, at the beginning of the next century.

Vietnam's membership in the group also brings closer ASEAN's initial objective of a united Southeast Asia of 10 countries. Cambodia and Laos have officially become ASEAN observers. There is only one more step for the two countries to become ASEAN members. Burma has stated its intention to sign the TAC. Looking at current relations among the countries, we are confident that ASEAN's objective will be realized before the end of the century. When this happens, Southeast Asia will no longer be split in two as it was during the Cold War era. It will simultaneously increase its bargaining power in global politics.

Editorial Scores Australia on Asylum Issue

BK2907090695 Jakarta SUARA KARYA
in Indonesian 26 Jul 95 p 5

[Editorial: "Indonesia-Australia Relations"]

[FBIS Translated Text] The Australian Government has time and again created trouble to spoil its good ties with Indonesia. Last Thursday, the Australian Immigration Department released 18 East Timor "boat people" from detention without going through the proper legal procedures and granted them permanent residence status. The

Department of Foreign Affairs, senior officials such as Minister of Defense and Security and the Armed Forces commander have voiced the Indonesian Government's stance on the Australian Government's action.

We do not know for sure how the East Timorese came to be stranded on Australian shores, or if they were actually looking for political asylum there. Regardless, the Australian Government's decision to release them can be seen as having political intent.

The East Timorese probably left Indonesia to seek permanent residence and greener pastures in Australia. If this is so, their status is no different from Vietnamese and Chinese refugees. Thus, they should be treated just like refugees who are economic migrants. Television reports show the Australian Government being very tough and strict in dealing with economic refugees. In fact, refugees are forcibly deported. This tough handling by Australia became clear after the implementation of the refugees law that was effective 15 November 1994. However, why did the Australian Government make the East Timorese an exception? Is it because the Australian Government deemed the situation in Indonesia to be worse than in Vietnam, such that the East Timor boat people are in an urgent need of residence permits and should be granted one without going through the legal processes? We feel that this is obviously not a good neighborly attitude, if this is the way Australia looks at Indonesia.

Perhaps the East Timorese went to Australia to seek political asylum. If this is the explanation they gave the Australian Government and the government accepts it, it indirectly indicates that Canberra supports their political view which is opposed to Indonesia's. By this, it is obvious that the Australian Government has a negative attitude toward Indonesia, and considers it a hostile and unfriendly neighbor.

However, let us think positively. Perhaps, the East Timorese lost their way in the wide seas and became stranded on the Australian coast. In this case, the Australian Government normally charges these people with illegal entry in court and deports them. This has happened to Indonesian fishermen several times when they were swept by waves to Australian shores. However, why did the Australian Government treat the East Timorese differently?

Regardless of the basis of Australia's consideration in speeding up the procedures to take in the East Timorese refugees (only within 70 days) and bypassing legal processes, this incident obviously reflects Australia's unfriendliness towards Indonesia. If these East Timorese had staged a demonstration in front of the Indonesian

Embassy in Canberra, we know the Australian Government will do nothing to stop it, giving the excuse that the laws and regulations in Australia do not prohibit such activities. It is still fresh in our minds how Australia allowed rioters to create havoc during the commemoration of our independence day in 1994, when they hurled stones at the Indonesian Embassy. We wonder if the Australian Government was just ignoring the rioting or allowing the anti-Indonesian forces in that country to grow bigger. We are waiting for an explanation from the Australian Government.

Australian Envoy Reports Alleged Army Killings

*LD3107104595 Melbourne Radio Australia
in English 1000 GMT 31 Jul 95*

[FBIS Transcribed Text] Australia's ambassador to Indonesia says it is clear there has been loss of life in recent incidents in the province of Irian Jaya. Ambassador Allan Taylor has just visited Indonesia's easternmost province, where part of his brief was to look into allegations of killings by the armed forces. From Irian Jaya's capital, Jayapura, Michael Maher reports:

[Maher] Mr. Taylor and a delegation of Australian government officials visited areas around the giant Freeport gold and copper mine, which has been at the center of allegations about recent killings. In a report released earlier this year, the Australian Council for Overseas Aid, ACFOA, claimed that 37 Irianese were either dead or missing as a result of recent incidents involving the Indonesian armed forces. Ambassador Taylor said he wasn't in a position to verify the ACFOA figure, but said it is clear that there has been loss of life. The ambassador said that he had raised the issue with Indonesian authorities and would be doing so again in the future.

Jailed East Timor Leader Issues Message

*BK2907100595 (Internet) INDONESIA Listserv
in English 1547 GMT 26 Jul 95*

["Message" from Xanana Gusmao, former leader of the National Committee of Maubere Resistance, to a conference on "Indonesia and Regional Conflict Resolution" held in Darwin, Australia, 26-28 July; dated 24 July]

[FBIS Transcribed Text] Dearest participants,

In the name of CNRM [National Council of Maubere Resistance], I greet all the participants to this conference. In East Timor, the murderers Simbolon [East Timor commander] and Prabowo continue killing the Timorese population. While the Indonesian occupation forces remain in the territory, persecutions, imprisonments, disappearances, and killings will invariably continue. This has been the activity of ABRI [Armed Forces

of the Republic of Indonesia], the power holders in the Indonesian regime.

This is the same regime which orders the Indonesian Courts to judge a Sri Bintang Pamungkas [former MP], a Permadi [Javanese mystic] or prosecute a George Adicondro [academic] as well as other Indonesian democrats. It is ABRI which is the mentor and support of Golkar [Functional Group], and the pillar of the corrupt conglomerates in the hands of the presidential family.

This is the same regime which has in ABRI the executor of massive massacres in East Timor, Tanjung Priok, Lampung, Aceh, and West Papua. This is the same regime which denies the Indonesian society the freedom of expression, opinion, and association. It is an ABRI which does not possess the most minimal spirit of humanism to understand the word reconciliation.

This is the regime which distorts the meaning of Human Rights, so as to satisfy the interests of an economic power elite. It pilfers the universal sense of liberty and corrupts justice, oppressing the Indonesian people.

On the 50th anniversary of the independence of Indonesia, the Suharto regime has its hands stained in the blood of the Indonesian and the Maubere peoples. Twenty years ago the murderous generals invaded Indonesia and condemned the Maubere people to the most cruel suffering. It is 20 years that this regime has been lying to the Indonesian people that it was the East Timorese people who chose integration.

Today, nonetheless, our Indonesian brothers and sisters are well aware of the colonialist nature of the regime. Our Indonesian brother and sisters increasingly understand the fallacious manoeuvres of the regime, and believes less and less the Jakarta government statements. The Indonesian people know very well the repressive character of the Suharto regime, from their own experience in the political life of their country, where ABRI plays a decisive role in the fraudulent electoral victories of Golkar in the Orde Baru [New Order] elections, where ABRI has a decisive role in curtailing the activities of politicians and pro-democracy movement political activists, and where ABRI plays a fundamental role in government.

On the 50th anniversary of independence, the Suharto regime, instead of feeling strong, feels threatened and does not hide its worries. Suharto and his Generals, pretend to be able to stop the wheel of history. They are not prepared to accept universal standard of law, freedom, and justice. Suharto and his generals are afraid of democracy because they are worried of a truth which

condemns them for their crimes committed against the Indonesian and East Timorese peoples.

A regime using force to repress, and utilises a political police to control, is an insecure regime, because it is unjust. A regime not prepared to be criticised, and offended by the slightest word of defiance, is an irrational regime, lacking principles.

This is the colonialist New Order regime, which denies the Bandung principles in a Non-Aligned Movement, which tarnished its image when it accepted Suharto as its Chairman. This arrogant and expansionist New Order regime abusively and without shame disrespects the UN resolutions condemning the invasion of East Timor and demanding the withdrawal of the Indonesian occupation forces. This is the militarist New Order regime which dares to claim that the East Timorese people freely choose integration, and is happy and satisfied with it. While doing so, it goes on killing the population and rejects a referendum to truly establish whether the East Timorese people did or did not make that choice.

Suharto has tried to cover his murderous face with the transparent veil of the most shameless lies, while he tries to show off with peace initiatives in other conflicts. He does this to minimise the East Timor conflict so as to improve the image of Indonesia as a powerful developing nation. Using the undeniable economic potential of Indonesia, the regime is refusing to seek a solution to this problem which is burning Indonesia's hand more and more.

Because Jakarta can impose conditions on donor countries, it has the sensation that it is the rest of the world that has to respect Indonesia's desires. Suharto, continuing to alienate his people, claims there are countries which envy the Indonesian development capacity, and therefore invent stories to denigrate it. Adnan Buyung Nasution [human rights lawyer], in a recent BBC interview, described very well the Suharto character, as someone not ready to innovate or to change with the times. Suharto is still unable to recognise that there have been errors and mistakes committed. Suharto tries by all means to deny that there are flagrant violations of human rights in Indonesia. In fact, Suharto must behave in this manner, because otherwise he would condemn himself, and would be judged for the crimes who he ordered to be committed, and for the corruption which he stimulated through excessively enriching his children and grandchildren, as well as the faithful collaborators of his regime.

Democracy, Order Baru style, has the objective of reinforcing Golkar, where retired generals with the support of ABRI are active. It is this the democracy which today is frightened of Megawati's PDI [Indonesian Demo-

cratic Party]. It is this the democracy which expels parliament members who question illegalities in enterprises linked to the President's family. It is this the democracy which expels a Sembiring Meliala [former MP] who denounces the fraudulent elections, always won by Golkar, and which prevents Ali Sadikin, Gus Dur, Adnan Buyung, Sri Bintang [four dissidents] and many others, to participate in conferences or in mass events.

From a regime which gags its own people while it lies to the world, is a regime from which no significant changes can be expected on the East Timor question, which has nowadays become a question of honour for ABRI. A regime which has lulled the Indonesian people in a dogmatic national ideology, and which nowadays feels threatened in its political structures, increasingly corroded by discontent, can only remain in place through the support of ABRI. The Indonesian people do no longer believe in the so-called social justice of Pancasila [state ideology].

A regime whose corruption even involves the cloaks of the judges, in the pay of Suharto, who punish cases of 13 trillion corruption with 17 years sentences, while they give 10 million corruption cases 15 year sentences, is unable to feel how oppressed and exploited the Indonesian people are.

The Indonesian and the Maubere peoples must decisively fight the Suharto dictatorship. The Indonesian brothers and sisters have become aware that they will never be free as long as the Maubere people's self-determination and independence right continues to be denied. The East Timorese people know very well that their daring resistance to the Indonesian military occupation of their homeland, forms part of the struggle for justice and democracy in Indonesia.

There is no peace without democracy, and no democracy without justice. We have a common enemy: the murderous and oppressive regime of the old Suharto.

Homeland or death!

The struggle continues!

For CNRM

[Signed] Xanana Gusmao

Cipinang Prison, 24 July 1995

Suharto Pardons 3 Prisoners Linked to 1965 Coup

BK2907090295 Jakarta ANTARA in Indonesian
0839 GMT 28 Jul 95

[FBIS Translated Excerpt] Jakarta, 28 Jul (ANTARA) — President Suharto has pardoned Subandrio, Omar Dhani, and R.S. Sutarto. The three will be freed from jail on 15 August 1995, Minister and State Secretary

Murdiono said in Jakarta on Friday. The minister and state secretary said the president pardoned the three under very careful legal, political, and humanitarian considerations. There was no external pressure involved in the decision. In addition, the three political detainees have been pardoned within the framework of the 50th anniversary of the Republic of Indonesia. [passage omitted]

Subandrio was formerly first deputy prime minister and foreign minister, Omar Dhani was Air Force commander, and Sutarto was deputy head of the Central Bureau of Intelligence. The three are serving their jail terms at the Cipinang Corrections Center.

Answering a question on the fate of a plea by Latief [former Jakarta garrison commander] for a presidential pardon, Murdiono said diplomatically that extending a pardon is the president's prerogative.

Laos

Personnel Shortage Slows Move To Join ASEAN

BK2807094295 Bangkok THE NATION in English
28 Jul 95 p A6

[Report by Kunlachada Chaiphiphat]

[FBIS Transcribed Text] Bandar Seri Begawan — Laotian Foreign Minister Somsavat Lengsavat broke his silence yesterday over when his country will become a full ASEAN member, saying he would announce the time-frame at this year's ASEAN Ministerial Meeting [AMM].

Somsavat said the announcement will be made after consulting ASEAN Foreign Ministers on Saturday. Laos was granted ASEAN observer status in 1993 together with Vietnam, which is set to become the seventh member of the grouping at a ceremony today. Somsavat was to attend the 28th AMM beginning on July 29.

He said Laos has sent a letter to ASEAN secretary-general Dato Ajit Sing requesting that two Lao officials be attached to his office to get trained in ASEAN affairs. The move was in preparation to becoming an ASEAN member, the minister told reporters upon his arrival in the capital of Brunei yesterday.

Vietnam sent their officials to the secretariat for training last year.

Somsavat admitted that the present shortage of human resource had hampered Laos from joining ASEAN at this meeting session. ASEAN has year-round activities including more than 200 meetings a year.

He said human resource development has continued to be the priority for his government. The minister said Laos has trained a number of officials in English.

Vientiane had also received scholarships from Canada and Singapore to improve their officials' English.

The government of Brunei just granted two scholarship for Lao officials to train there, the minister said. The British government has financed the setting up of the British Council's English Centre to provide three-month courses for Laos officials, he said.

"ASEAN is open to all Southeast Asian countries, but in becoming a member, a nation has to be ready," said Somsavat replying to why Laos was not rushing to join the grouping in a similar way to Burma.

Last year Vietnam upstaged Laos at the AMM in Bangkok to announce that it would seek ASEAN membership. Laos, at the time, was still anxious over its shortage of finance and human resource to host and participate in meetings and the lack of people speaking English was also not up to ASEAN requirements.

Foreign Minister Departs for ASEAN Meeting

BK2807131495 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 27 Jul 95

[FBIS Translated Text] Foreign Affairs Minister Somsavat Lengsavat left today to participate in the 28th ASEAN Ministerial Meeting to be held on 29 July in Bandar Seri Begawan, the capital of Brunei Darussalam.

Apart from the 28th ASEAN Ministerial Meeting, the foreign affairs minister of the Lao People's Democratic Republic [LPDR] will also attend the consultative meeting between the LPDR and the ASEAN member countries on 30 July and the consultations on regional security on 1 August in the Bruneian capital. After that, Lao Foreign Minister Somsavat Lengsavat will pay a visit to Brunei 2-4 August at the invitation of the Bruneian foreign affairs minister. During the visit, the two sides will discuss the promotion of bilateral relations and cooperation.

Seeing off the Lao foreign minister at Wattai International Airport were Deputy Foreign Affairs Minister Souban Salitthilat; ambassadors of ASEAN countries to Laos, including Thailand, Malaysia, Indonesia; and a number of high-ranking officials.

National Assembly Chairman Visits Cambodia

BK2507055495 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 24 Jul 95

[FBIS Translated Text] His Excellency [H.E.] Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic, together with his wife and entourage, left Vientiane this morning for a visit to the Kingdom of Cambodia at the invitation

of H.E. Samdech Chea Sim, chairman of the National Assembly of the Kingdom of Cambodia, from 24 to 27 July.

A send-off ceremony for H.E. Saman Vi-gnaket was held at the National Assembly with the presence of H.E. Khambou Sounisai and Vongphet Saikueyachongtoun, vice chairmen of the National Assembly; members of the Standing Committee and members of the National Assembly; and high-ranking cadres.

Khek Lerang, ambassador extraordinary and plenipotentiary of the Kingdom of Cambodia to Laos, and his wife also attended the farewell ceremony.

During the visit, Saman and his delegation will meet with Chea Sim, acting head of state and chairman of the National Assembly; Loy Simchheang, vice chairman of the National Assembly; and Prince Norodom Ranariddh and Samdech Hun Sen. In addition, the delegation will also visit [words indistinct].

Philippines

Siazon Urges China To Settle Spratly Row

MS2807140795 London *FINANCIAL TIMES*
in English 28 Jul 95 p 5

[Report by Edward Luce and Peter Montagnon: "'Cool Spratlys Row' Call"]

[FBIS Transcribed Text] Manila — The Philippine foreign secretary, Mr Domingo Siazon, yesterday called on China to accept Manila's offer of a "sister relationship" with the Philippines to ease military tension over the contested Spratly Islands in the South China Sea.

Mr Siazon, who on Sunday will meet his Chinese counterpart, Mr Qian Qichen, on the eve of the Asean Regional Forum talks in Brunei, said the Philippines had offered to boost economic ties between the two countries to reduce the likelihood of conflict over the archipelago.

China has not yet responded. The Spratlys, which are also claimed in part or in whole by Vietnam, Taiwan, Malaysia and Brunei, are thought to be rich in oil and mineral deposits. "Economic integration will be the main force keeping these countries (the claimants) together," Mr Siazon said in an interview.

"In Brunei, what I would like to hear is that they (China) would like to discuss sovereignty based not only on history but on international law and the UN law of the sea."

The arrangement, which would link the Chinese province of Hainan Island to the Philippine export zone of Cebu through extensive business co-operation,

would be aimed at increasing the economic cost of any further dispute over the contested islands.

China, which raised the stakes earlier this year when it erected naval installations on part of the islands claimed by the Philippines, is thought to have separately offered Manila a bilateral deal jointly to exploit parts of the archipelago.

But the Philippines, a member of the six-country Asean, has stressed any deal must be hammered out on a multilateral basis between all the claimants. The regional forum talks are aimed at increasing security co-operation in the Asia-Pacific region. The forum is expected to deal with territorial claims in the South China Sea, though China will be pushing not to have the Spratlys issue highlighted.

Analysts in Manila say China is expected to take a conciliatory line with the other five Spratly claimants, some of whom have looked to the US to provide a regional counterweight to Beijing's increasing military power. A joint naval exercise between US and Philippine forces 100km from the Spratlys is in progress.

Editorials Comment on Spratly Islands Issue

U.S. Position 'Ambiguous'

BK3107063895 Manila *PHILIPPINE DAILY INQUIRER* in English 28 Jul 95 p 8

[Editorial: "Ambiguity on Spratlys"]

[FBIS Transcribed Text] Defense Secretary Renato de Villa has tried to reassure China that the training by U.S. commandos of Filipino troops near the Spratlys was not saber-rattling. He described the exercises as "routine," adding that he hoped the Chinese "will not misinterpret it because this is a very small unit exercise."

The fact is that the training is part of the program of joint military exercises drawn by the Philippines-U.S. Mutual Defense Board for 1995 and is a buildup to the preparation of the big exercises to be held some time this year. There are suggestions, however, that the arrival of U.S. Navy commandos in Palawan was a "low-keyed but visible symbol of U.S. support to its oldest ally in Asia."

As Southeast Asia's flashpoint, the Spratlys are being watched closely by countries with claims on the chain, including China and the Philippines, for any sign of military movements that might be interpreted as raising tensions in the area. As such, the training exercises off Palawan might have nothing to do with the Spratlys but still they come at a time when there is a high degree of suspicion about the claimants' intentions. They are therefore viewed with suspicion.

Although the United States has clearly said that the Mutual Defense Treaty could not be invoked by the Philippines to back its claim on some of the Spratlys, it has not been indifferent to developments in the area. Assistant Secretary of State Winston Lord said that the United States position on the issue is that it "should be resolved peacefully, that we would oppose the use of force, (and) that we strongly believe in freedom of navigation around the world and through that area.... (With) respect to claims on sovereignty of islands and rocks and so on, we do not take a position. But we did make clear that we would have serious problems with any maritime claims that were inconsistent with international law and particularly the Law of the Sea.... These issues should be solved peacefully, and there should be no resort to force."

This statement of the U.S. position is rather ambiguous, but that is a virtue in diplomacy because it gives America the flexibility to act if it perceives that Chinese actions on the Spratlys threaten American security interests in the South China Sea.

Since the stand-off between the Philippine Navy and Chinese ships in the Spratlys months ago, China has not made any further moves to occupy some of the islands or to increase its military presence. This lull should be welcome. China appears to be restraining itself from making new provocative acts.

The presence of U.S. commandos near the Spratlys, however, could be offensive to China because at this time, relations between the United States and China are strained over issues associated with trade, human rights, and Taiwan. China has stepped its diplomatic offensive against Taiwan after it accused Taiwan's President Li Teng-hui of secretly hatching a plot to declare Taiwan an independent nation.

PRC 'Exercising Restraint'

BK3107064295 Manila PHILIPPINE DAILY INQUIRER in English 28 Jul 95 p 8

[Editorial: "Guessing Game"]

[FBIS Transcribed Text] China is very much aware that the United States has critical security interests in keeping the South China Sea open to international navigation. It appears to be reluctant to give Washington an excuse to show its military muscle in the Spratlys.

Given the very sensitive nature of developments in the Spratlys, the Philippines should not expect a categorical expression of support for the Philippine claim but should not rule out demonstration of American muscle in the area if the Chinese escalate their presence.

Since the Chinese seem to be exercising restraint, it would serve the Philippines well if it avoided confrontational acts with the Chinese. The joint U.S.-Philippines exercises are part of a plan under the MDA [Mutual Defense Agreement], and therefore they can go ahead. There is no reason why they should be canceled.

The Chinese have not given any indication as to how they view the exercise. China is keeping its cards close to its chest. It is not telegraphing its punches.

Meantime, the United States is also keeping the Chinese guessing about how it would react to Chinese moves in the islands.

WTO Suit Considered on Wool Exports to U.S.

BK3107073695 Manila MANILA BULLETIN in English 28 Jul 95 p B-7

[FBIS Transcribed Text] The government is contemplating whether to pursue another case against the United States before the World Trade Organization (WTO) on the country's exports of wool suits.

This developed after the Garment and Textile Export Board (GTEB) already decided to elevate before the WTO the case involving the country's exports of luggage to the United States after talks between the two countries collapsed.

GTEB executive director Escolastica Segovia said the U.S. authorities are set to impose quota on wool suits, a non-quota item.

Segovia said the United States' call against the Philippine product was imposed following complaints this is causing serious damage to the U.S. local industry.

However, Segovia said the country's wool suit exports to the United States for the past 12 months have only reached 73,000 pieces.

Normally, both parties have 60 days to hold consultations on a contested trade issue before elevating the case to WTO.

Segovia said the Philippine side has formally informed the U.S. Trade Representative [USTR] office of its decision on the luggage row.

The USTR will now report to the Textile Monitoring Board for luggage in the Geneva-based WTO.

Segovia said the U.S. authorities first imposed restriction on luggage last April 4 as part of the phaseout program on the quota system under the Multi-Fiber Agreement.

The United States lifted the imposition of the first restriction only to reimpose it last April 24 for possibly

hurting the local industry with the cheaper price of the Philippine product as against the U.S.-made luggage.

Thailand

Minister Critical of Drug Probe on Politicians

BK2907103195 Bangkok THE NATION in English
29 Jul 95 p A3

[FBIS Transcribed Text] There is not enough evidence to justify setting up a special committee to investigate allegations that senior Thai politicians have links with drug traffickers, PM's [Prime Minister's] Office Minister Prasong Bunphong said yesterday.

It is clear from the news that nobody knows exactly what the truth is, he said.

Prasong, who has responsibility for the Narcotics Control Board (NCB), said he would not defend anyone involved in drug trafficking.

Prasong said there could be many reasons why the US has refused politicians visas apart from involvement in drug trading.

A formal request for clarification has been sent to the US government, he said. There has been no reply.

"If there are still any doubts, I think it is the job of the press to find out. We will not say things we don't know, and we will not defend anyone," said Prasong, a New Aspiration Party [NAP] appointee.

The NAP earlier objected to the formation of a committee to investigate US suspicions that two Chat Thai Party members, faction leader Narong Wongwan and MP Watthana Atsawahem, had drug links, as proposed by Finance Minister Surakiat Sathianthai (Chat Thai).

The US embassy previously announced that Watthana was denied a visa because "there is reason to believe he is or has been an illicit trafficker in a controlled substance and/or has been a known assister, abettor, conspirator or colluder with others in the illicit trafficking of controlled substances".

The minister pledged a crackdown on drugs, including prevention, especially among school-aged children and teens.

Pol Gen [Police General] Chaowalit Yotmani, chief of the Narcotics Control Board, said no decision would be made on the extradition of former Chat Thai MP Thanong Siriprichaphong until the Appeals Court has made a ruling.

Thanong has been indicted by a California court on charges of smuggling tonnes of marijuana into the US. The Criminal Court has approved Washington's request for his extradition.

Asked whether other Thais suspected of drug trafficking would be sent to the US for trial, Chaowalit said the remaining suspects are followers of Burmese drug lord Khun Sa and have nothing to do with Thai politicians.

Foreign Wants Details of U.S. Drug Charges

BK2807161595 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 28 Jul 95

[FBIS Translated Text] The Thai foreign minister has told reporters that he will seek information from the United States in connection with the alleged involvement of Thai politicians in drug trafficking. Foreign Minister M.R. Kasemsamoson Kasemsi said in an interview in Brunei that if possible during his participation in the ASEAN foreign ministers meeting, he will seek clarification from the U.S. delegation — who will be attending the meeting as a dialogue partner — on the U.S. refusal to grant visas to Thai politicians.

U.S. Exclusion From WTO Financial Pact Viewed

BK3007102195 Bangkok THE NATION in English
29 Jul 95 p B1, B2

[Report by Chirawat Na Thalang]

[FBIS Transcribed Text] Despite a holdout by the US, Thailand and some developing members can claim victory in creating an interim agreement for the World Trade Organization's [WTO] new financial services liberalization accord.

The interim agreement — albeit with the absence of the US — is better than no deal at all.

Firstly, Thai officials said, it would embarrass the US for not participating in the international pact, and secondly it would send the message to the US that the financial services offer is no longer subject to future negotiation on a bilateral basis.

Finance Minister Surakiat Sathianthai said if the US continues to insist on using bilateral threats for additional offers, "the US government would certainly be seen as having no respect for the WTO and would threaten other WTO members."

A Thai official, who asked not to be named, said, "In theory, the US might be considered a free rider, but in reality that will not be the case."

The official was referring to the accord on the WTO's financial services package, which was agreed upon last Wednesday by nearly 100 WTO members, excluding the US, which decided not to participate in the deal, reasoning that it was not satisfied with the offers of a number of countries.

With encouragement from the European Union, the WTO members decided to endorse the interim agreement, which would last until the end of 1997. Under the agreement, each member could make its own concessions, but they have to be offered to all other WTO members equally or on a most favoured nation basis.

When the July 28 deadline for the financial services agreement drew to a close, the US, which had been actively pushing for the inclusion of the multilateral services agreement, was still sticking to its position of not resuming talks.

The move was criticized by other Gatt members as a disappointment.

To the disappointment of all other participating countries, the US has chosen to withdraw from the negotiations in that it is not willing to take on the obligations of most favoured nation treatment for new activities in banking, insurance and other financial services.

"The US decision sent shock waves through the multilateral system when it was announced in the committee for financial services on June 29," Mats Hellstrom, Swedish minister for foreign trade and European Union affairs, said in a letter to the *FINANCIAL TIMES* on July 26.

Despite its holdout, the US would be able to enjoy concessions from the interim deal.

"But I think the US should be ashamed if it exercises the concessions offered by some members of the WTO," the Thai official said.

"The rest of the WTO members agreed not to isolate any member from the deal to show that we are fair to everyone. In addition, we hope our decision will put pressure on the US," he said.

When the interim agreement period expires, a new agreement would be negotiated.

"By that time, we hope the US would feel the pressure and join the permanent financial services agreement," the official said.

Apart from pressuring the US, the other benefit which Thailand should receive from the agreement is to prevent the US from using unilateral action under its Section 301 to force Thailand to open its financial services market.

Officials said that the US should not use the bilateral threats to ask Thailand to improve the country's liberalization package because the country's offers have been endorsed by the majority of WTO members.

However, the official said that as far as he knew the US opted out of the interim agreement because it was not

happy with the offers made by certain countries. "We hope that over the next three years they are able to reach a deal," he said.

Thailand is not a prime target for the US.

"We understood that the US was satisfied with Thailand's financial liberalization package after it dropped its objections to our offers during the previous rounds of talks," he said.

The source said that the Thai offers are based primarily on the country's financial master plan, which included the opening up of the second round of the Bangkok International Banking Facilities offshore banking, the reduction of the minimum Thai ownership requirement for insurance companies, and the issuance of licences for five more commercial banks.

ASEAN Urged To Condemn French Nuclear Tests

*BK3007074395 Bangkok THE NATION in English
29 Jul 95 p A4*

[Editorial: "Saying It Straight to France"]

[FBIS Transcribed Text] Asean's condemnation of nuclear testing at its 28th ministerial meeting in Brunei Darussalam is the right response to the present global alert over the controversy.

However, the group should mention France by name because it is more than obvious that its resolution stemmed from French President Jacques Chirac's announcement to resume nuclear testing in the South Pacific.

Asean, as a significant political and economic grouping in the region and founder of the Asean Regional Forum (ARF) for security issues, should come out with a clear stance when confronted with such a destructive plan.

The condemnation should also target China, which still carries out underground nuclear tests in its territory despite strong criticism from global communities.

Pressuring France to back off from its controversial test plan would be an important step taken by Asean in the creation of the Southeast Asia Nuclear Free Zone, which is expected to be discussed comprehensively during the Asean Summit in December this year.

More than half of Asean's dialogue partners, including the US, Australia, Canada, Japan and New Zealand are expected to support its anti-nuclear testing resolution. Each country, as well as most of the EU have also condemned France for its decision.

Japan is the most vocal critic of France.

The harshness is partly due to the suffering it endured as a result of the atomic bombing of Hiroshima and Nagasaki during World War II.

With the 50th anniversary of the twin tragedies fast approaching, Japan has vowed to "use the ARF and every possible opportunity to press France into reconsidering its decision," Chief Cabinet Secretary Kozo Igarashi told French Ambassador Jean-Bernard Ouvrieu to Japan two weeks ago.

Australia and New Zealand plan to send unarmed naval ships to the test site at the Mururoa Atoll to protest against the resumption of French nuclear testing. Australian Prime Minister Paul Keating said he and Prime Minister Jim Bolger were looking at the possibility of filing a case against France at the International Court of Justice.

Even in France, environmental group Greenpeace filed a suit against President Chirac before the Council of State, the country's highest administrative court, for allegedly exceeding his legal authority in ordering a resumption of nuclear tests.

Previously, Asean nations had not come out with an official statement over the issue.

Now is the time for them to move beyond economic concerns and take social responsibility into account.

Obviously, France is unhappy with the growing opposition movement.

French ambassador to Thailand, Jacques Rummelhardt, told the press "it is unjust to accuse someone without listening to them".

As a permanent member of the UN Security Council, France has said it wants to attend the ARF, which takes place on the sidelines of the Asean ministerial meeting next week.

Paris is afraid that its absence from the security forum would make it lose an opportunity to defend itself against the expected criticism to be raised by Japan and other ARF member countries.

But if France is to be accepted as an ARF member, the forum should make sure, with its presence, that its nearly 20 members influence France to abandon the nuclear test plan and sign the Comprehensive Test Ban Treaty that should be implemented in 1996.

This is because nuclear testing and an arms race would not benefit anyone except dictators and those in the nuclear industry.

ASEAN Urged To Unite at APEC Summit

BK3107074195 Bangkok BUSINESS DAY in English
31 Jul 95 p 3

[FBIS Transcribed Text] Dr Somchai Ruchuphan, director-general of the Finance Ministry's Fiscal Policy Office, said that Thailand and its Asean partners should form a united front at the Asia Pacific Economic Co-operation (Apec) forum summit in Osaka, Japan in November.

He said since there are many countries in Apec, including economic giants Japan and the United States, it is unlikely that Thailand could exert a meaningful influence by acting on its own.

Therefore, Thailand and its Asean allies — all Apec members — should adopt a common stance in order to create a greater impact, a stronger negotiating power and an ability to work towards the collective benefits of Asean, he said.

"We must team up with other Asean nations during the negotiations in Osaka in order to obtain common benefits," Dr Somchai said, adding that it is essential to "make Apec members see clearly that we will not stand in the way of co-operation and progress towards free trade".

He added that other non-trade matters would be addressed at the Apec leaders' meeting in Osaka.

"For example, international cooperation in the field of education will also be discussed," the director-general said.

A source at the Finance Ministry indicated that each member nation is obliged to put forth a clear plan for free trade and investment at the Osaka summit.

The source added that Thailand will adopt a stance encouraging more independence and flexibility for member countries, rather than requiring all members to make equal progress at the same pace towards trade liberalization as the 2010 target approaches.

"Thailand very much agrees with efforts to co-operate and to facilitate. For example, we favor the US proposal to establish an educational fund because we feel that educational development will greatly enhance economic development," the source said.

"Developed countries, however, have a tendency not to favor educational assistance for fear that they be left with the burden. The Osaka meeting must draw clear conclusions on this important matter," the source added.

Article Views Burma's Move To Join ASEAN

BK2907092295 Bangkok THE NATION in English
28 Jul 95 p A4

[Article by Yindi Loetcharoenchok: "A Spontaneous Coincidence or Well-planned Strategy?"]

[FBIS Transcribed Text] True to its unbroken record of unpredictability, the Burmese junta has once again surprised the world community with its abrupt, but obviously well-calculated, decision to join ASEAN, which has been its strongest supporter and defender since 1988.

The decision, officially confirmed only this week by ASEAN countries, is the second surprise that has taken place within the past two weeks. SLORC [State Law and Order Restoration Council] unexpectedly released on July 10 Burmese pro-democracy leader Aung San Suu Kyi, who has spent nearly six years under house arrest.

Until now, SLORC had deliberately imposed a media blackout on the two significant events and retained an unusual silence for unclear reasons.

Lim Jock Seng, permanent secretary of Brunei Darussalam's foreign ministry, said early this week the SLORC had "sent a fax" applying for observer status in the regional grouping.

The Burmese ambassador to Indonesia had earlier approached Ajit Singh, secretary general of the ASEAN Secretariat Office in Jakarta, to express Rangoon's desire to obtain an ASEAN identity and to explore the process as to how Burma could integrate into the grouping.

Upon arriving in Bandar Seri Begawan, Burmese Foreign Minister U Ohn Gyaw presented yesterday to ASEAN Ministerial Meeting (AMM) chairman and Bruneian Foreign Minister Prince Mohamed Bolkiah SLORC's "instrument of accession" to the 1976 ASEAN Treaty of Amity and Cooperation.

The accession to the Bali Treaty is a prerequisite and initial step towards obtaining the status of ASEAN observer before eventually becoming a full member of the group. Burma is the last regional country to accede to the treaty; Vietnam and Laos acceded in 1992, while Cambodia did so last October. Both Laos and Cambodia will attend the meeting of ASEAN ministers as observers, while Vietnam has become's ASEAN's seventh member.

ASEAN diplomats and political analysts in Bangkok expressed "extreme surprise" at SLORC's haste to become an ASEAN observer, if not a member, citing

Rangoon's previous indifferent attitude and lack of interest in the group.

They believe that both Suu Kyi's release and SLORC's intention to become part of ASEAN "is not a spontaneous coincidence" but a well-planned strategy that was intelligently devised to serve purely SLORC's hidden motives and objectives.

ASEAN, which has never ruled out the eventual regional integration of Burma, was obviously caught off guard by Rangoon's sudden ASEAN membership application. The issue has provoked widespread debate and careful assessment and consideration among senior ASEAN officials who have gathered this week in Brunei Darussalam to prepare for their ministers' annual meeting.

At the end of the day, they reached a consensus that U Ohn Gyaw will continue, for the second consecutive year, to represent Burma at the ASEAN Ministerial Meeting as "guest" of Brunei Darussalam, the host country.

Thai Foreign Ministry permanent secretary Mr Thep Thewakun said Burma will obtain observer status when ASEAN's foreign ministers meet next year in Indonesia. Burma's ASEAN membership, however, depends on developments inside the country, which Thep declined to elaborate on.

But speaking on condition that their identities are not revealed, several ASEAN diplomats explained that there are still concerns among ASEAN members states, especially on the domestic political situation and human rights conditions in Burma.

They said progress on political reforms and human rights records are the two important areas that SLORC has to improve on before ASEAN can wholeheartedly welcome Burma as a member.

While Singapore and Indonesia have warmly welcomed Burma's early participation, Thailand happens to be the only ASEAN country that is reluctant. This is basically due to the sudden surge of recent Burmese hostility against Thailand that has subsequently affected bilateral relations.

Political analysts believe that SLORC's decision to enter ASEAN was based on many factors, including domestic and international interests. Domestically, SLORC has strengthened its existence by neutralizing over a dozen armed ethnic groups through ceasefire pacts. It has also brutally suppressed any opposition to its rule by detaining political dissidents.

ASEAN diplomats and analysts believe that SLORC's next move is to gain international recognition and

legitimacy and that acceptance into ASEAN would serve as a buffer against critics in the West, particularly in the US.

The Burmese dictatorship, which has shrewdly weakened and undercut previous international attempts that could undermine its survival, knows that it can exploit ASEAN, several members of whom have stood up to criticize and challenge "the West's political and human rights values and concept," to neutralize political and economic pressure and punitive action from the West.

Several ARF [ASEAN Regional Forum] members have identified Burma and the Spratly Islands as "two potential hot spots" in Southeast Asia. They have cited the urgent need to come up with preventive measures against a possibly violent scenario.

The diplomats believe SLORC would not rush itself to becoming a full member of ASEAN as this status would require several internal reforms, including administrative and structural preparations, to cope with the demands of ASEAN's political and economic activities. Moreover, the regime would have to conform to numerous ASEAN rules and regulations as well as the grouping's principles and stance towards various international issues that Burma with its global neutrality image, might be reluctant to commit itself to.

Although Burma's membership into ASEAN is inevitable, ASEAN members, which have never hidden their economic desire in resource-rich Burma, realize that political instability will play a decisive factor in the country's future role in the Southeast Asian club.

While ASEAN has cultivated growing diplomatic confidence and is now adept at confronting the West, its members, however, are effectively weak when it comes to speaking up for political, if not "democratic," changes within SLORC.

Unless genuine democratic reforms are implemented, human rights records are improved and national reconciliation among all ethnic nationalities take place in the coming years in Burma, ASEAN will find itself in hot water trying to defend the authoritarian regime's presence in the grouping.

Khun Sa Army Said Bracing for Burmese Attack

*BK2807094795 Bangkok BANGKOK POST
in English 28 Jul 95 p 9*

[Report by Subin Khunkaeo]

[FBIS Transcribed Text] Fierce fighting between Khun Sa's Mong Tai Army [MTA] and Burmese forces is imminent, with the Burmese government bringing in reinforcements to the area across the border from

Chiang Mai's Mae Ai, known as Khun Sa's military stronghold, according to a Shan leader.

Zao Gangade, a veteran military officer in the MTA, said he had received an intelligence report confirming that about 2,000 Burmese soldiers with heavy weapons had been brought as reinforcements to the area where heavy fighting might erupt soon.

Gangade, who is chairman of the Shan State National Congress, said there was much military tension in MTA's operating area last June, when eight Burmese spies were caught trying to sneak into the MTA's area.

He said: "We finally decided to free them all, to maintain our friendship, but on 20 June Burmese soldiers sent in Wa forces to carry out a surprise attack on our base, killing six soldiers of the MTA.

"Undoubtedly, this incident was intentional and Wa soldiers got the order from Burmese forces (to attack us)," said Gangade, who was earlier tipped to replace Khun Sa as the new leader of the MTA.

Vietnam

U.S. 'Interference' in Internal Affairs Viewed

*BK2807125995 Hong Kong AFP in English
0843 GMT 28 Jul 95*

[FBIS Transcribed Text] Hanoi, July 28 (AFP) — An official newspaper here Friday said Vietnam rejected any interference in its internal affairs, while welcoming the normalisation of diplomatic relations with the United States.

In an article that appeared a week ahead of a historic visit by US Secretary of State Warren Christopher, the daily Quan Doi Nhan Dan voiced reservations on "some points" of President Bill Clinton's remarks on normalisation.

"We welcome the normalisation, but we cannot agree with some points in the speech which hurt the noble sentiments and pride of the Vietnamese people," the daily said.

It was apparently referring to Clinton's observations on July 11, while announcing the normalisation of ties, praising US soldiers who fought in Vietnam and linking economic cooperation with human rights issues.

Clinton had said normal ties would help advance the cause of freedom in Vietnam as they had done in the former communist countries of eastern Europe.

"It seems the US president wants to see the Vietnamese political system crumble the way east Europe and the Soviet Union did," the daily said, charging Washington

with seeking "the victory in peace time that eluded it in war."

The daily said that the nascent ties between Hanoi and Washington "should be based on respecting the independence, sovereignty and non-interference in internal affairs. The Vietnamese people were "determined to defend their independence and freedom," it added.

The Vietnamese press has of late repeatedly attacked the United States for "interfering" in Vietnam's affairs under the pretext of defending human rights, a sensitive subject for one of the world's few remaining communist regimes.

Ho Chi Minh City Mayor Views Ties With U.S.

BK2907115595 *Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese* 12 Jul 95 pp 1, 5

[Interview with Truong Tan Sang, chairman of Ho Chi Minh City People's Committee, by Correspondent Van Dinh; place and date not given]

[FBIS Translated Text] [Van Dinh] Comrade chairman, at one o'clock [Vietnam time] today 12 July 1995, the United States announced the normalization of relations with Vietnam. Would you please give your comments on the issue?

[Truong Tan Sang] The decision of the U.S. Government to normalize diplomatic relations with Vietnam conforms with the interests of the United States, Vietnam, the Asia-Pacific region, and the world. It is a logical result of the correct foreign policy of our party and state: Vietnam wishing to befriend all countries for the causes of peace, cooperation, development, equality, mutual benefit, and Vietnam is willing to close the past and look forward to the future.

To date, Vietnam has established diplomatic relations with nearly 160 countries in the world, and the number is still increasing. In this atmosphere, I can say that the normalization of relations between the two countries will be welcomed by countries in the region and the world.

[Van Dinh] Comrade chairman, will the event have any impact on Ho Chi Minh City?

[Truong Tan Sang] Once the relations between the United States and Vietnam are normalized, external economic activities of our city will continue to develop. So far, our city has established foreign trade and investment relations with over 40 countries, and the cooperation is developing positively. Of course, we could only succeed with our own strength, or more particularly, with effort of the businessmen of Ho Chi Minh City.

[Van Dinh] Thank you comrade.

VNA Reports on ASEAN Official Membership

BK2907101095 *Hanoi VNA in English*
1624 GMT 28 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 28 — Vietnam was formally admitted as the seventh member of the Association of Southeast Asian Nations (ASEAN) at a grand ceremony held at the International Convention Centre in Bandar Seri Begawan, Brunei this afternoon.

A declaration on Vietnam's admission to the organization was signed by Vietnamese Foreign Minister Nguyen Manh Cam and his counterparts from Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. They later delivered speeches welcoming Vietnam's accession into ASEAN as a historic event of paramount significance not only for ASEAN but also the whole Southeast Asia and the Asia-Pacific region as well.

Prince Mohamed Bolkiah, foreign minister of the host Brunei, said Vietnam's admission was of special significance to the group as a forerunner of a strong Southeast Asia. 'I hope that this will be the beginning of a united and strong Southeast Asia in the near future'.

Indonesian Foreign Minister Ali Alatas said, 'We have just witnessed a momentous event in the annals of ASEAN: the formal admission of the Socialist Republic of Vietnam as the seventh member of our association'.

For his part Mr Cam said:

'This is an important event of historic significance in Vietnam's relations with the ASEAN countries and constitutes a new milestone marking a change in the conjuncture of Southeast Asia 50 years after the end of the second world war. This is a new factor which helps promoting economic and trade cooperation in the region for the prosperity of each country and of the whole region of Southeast Asia. This event also provides a new forceful evidence testifying to the strongly prevailing trend of regionalization and the growing trend for internationalization in a more vividly interdependent world...

'From an association of 5, ASEAN has today grown to encompass 7 countries with more than 400 million inhabitants. The role and prestige of ASEAN have been increasingly enhanced at the regional and international fora. With Vietnam's joining ASEAN and Cambodia's becoming its observer, the prospect for further expansion of ASEAN has gradually become a reality...

'As a full member of ASEAN, Vietnam undertakes to fulfill all obligations and responsibilities of a member

countries according to the targets, objectives, principles and regulations that have been clearly specified in the ASEAN basic documents, including its joining in AFTA [ASEAN Free Trade Area]. Together with other member countries, we will actively participate in the ASEAN programmes for cooperation and increase the coordination of activities within the framework of ASEAN, thus contributing to the consolidation and the development of ASEAN into a strong and high- prestige regional organization, striving for a Southeast Asia of peace, stability, cooperation and prosperity.'

After signing the declaration, Vietnam's red-and-gold starred flag joined those of other members as a military band played its national anthem.

NHAN DAN Welcomes ASEAN Membership

BK3007074295 Hanoi VNA in English
1305 GMT 29 Jul 95

[FBIS Transcribed Text] Hanoi VNA July 30 — The Communist Party newspaper NHAN DAN today welcomes Vietnam's admission as the seventh member of the Association of Southeast Asian Nations (ASEAN) in Brunei on Friday as an important landmark in the international relationship in the region.

'This is an important milestone in the history of relationship in Southeast Asia, marking a new stage full of hopes and prospects for the bilateral and multilateral relations in a region of the most dynamic development of the world,' NHAN DAN says.

It notes that Vietnam's ASEAN full-pledge membership serves the interest of the people of Vietnam and other member countries, and accords with the prevailing trend of development of the region and the Asia-Pacific region at large, that of broadening friendship and cooperation among nations and states for peace, independence and development.

Attributing this event to the success of the current economic renovation, the paper says 'this is logically a result of the important achievements in the national renewal process initiated by the Communist Party of Vietnam, and of the open-door foreign policy to befriend all countries around the world set by the party and government.'

'Although each country has its own history and different political and social conditions, Vietnam and other ASEAN member countries have step by step overcome all hurdles left behind by the history to go ahead with common dialogues in the spirit of putting the past behind and looking forward to the future for closer friendly and cooperative relations,' NHAN DAN stresses.

'Together with Cambodia's accession into ASEAN as an observer and Myanmar's [Burma's] signing of the Bali Treaty of Amity and Cooperation, the Vietnam's admission as the seventh ASEAN member is a step forward [word indistinct] the way to the expected expansion of the ASEAN membership to all the ten countries of Southeast Asia'. 'This is also a new factor in favour of the growing trend towards regionalization and internationalization in Asia and the Pacific before the turn of this century,' the paper adds.

Minister Views AFTA Tariff Reduction List

BK2907154895 Bangkok BANGKOK POST
in English 29 Jul 95 p 6

[Report by Atchara Achayakachat from Hanoi]

[FBIS Transcribed Text] Vietnamese Finance Minister Ho Te expressed the hope his ministry will be able to draw up a list of items for tariff reduction in time for the annual meeting of the ASEAN economic ministers, set for September in Brunei.

But Vietnam will have more time at the ongoing annual meeting of the ASEAN foreign ministers as it was agreed that it could submit the list by the ASEAN summit in December.

Vietnamese foreign minister Nguyen Manh Cam announced that Vietnam will start tariff reduction on January 1, 1996, with a three-year lag behind other ASEAN countries.

He said ASEAN friends and the Jakarta-based ASEAN Secretariat are helping Vietnamese officials draw up the list under the ASEAN Free Trade Area's [AFTA] tariff reduction programme known as the Common Effective Preferential Tariffs (CEPT), taking into consideration the gap between Vietnam and ASEAN.

'We are hoping that we can submit the most suitable list to the ASEAN economic ministers' meeting on schedule this September,' said Mr Te.

The minister explained that Vietnam is facing many problems since its shift from centrally-planned to market economy, namely standardisation of its tax system, infant industry, and lack of experience in trade and services.

His ministry, as well as the Finance Ministry and other concerned state agencies have been coordinating their efforts, he said.

Officials of the Thai Finance Ministry, however, commented they were more concerned about Vietnam's non-tariff barriers such as quotas, as they see no trouble for

Vietnam going along with other ASEAN countries under the CEPT scheme's normal track to reduce tax to 20 per cent by 1998.

January 1, 1995 was, set as the starting date for the acceleration of the reduction of tariffs:

— Those above 20 per cent would be reduced to 20 per cent by 1998

— Tariffs below 20 per cent would be reduced to 0-5 per cent by 2000, and

— Tariffs at 20 per cent would be reduced to 0-5 per cent by 2003, the new final year of the CEPT scheme.

However, for goods on the fast track list, the reduction of tariffs would accelerate at an even quicker pace:

— Tariffs above 20 per cent would be reduced to 0-5 per cent by January 1, 2000;

— Those below 20 per cent would be reduced to 0-5 per cent by January 1, 1998.

"In joining ASEAN, Vietnam will be urged to reform its illogical import and export tax," said Mai Van Dau, Vice Minister of Trade during a recent interview in the Vietnamese capital.

Mr Dau said that currently both import and export tax are classified under the same category "so it looks high to other countries," but the Finance Ministry is working to differentiate them.

The vice minister also said the ministry still has to study a number of other issues, such as the percentage of local content.

Pham Chi Lan, Secretary General of Vietnam's Chamber of Commerce and Industry said:

"Only after Vietnam joins AFTA, can we be a real member of ASEAN.

"We should approve AFTA soon to reap the benefits like other ASEAN countries."

She called on the government to speed up tax reform in order to strengthen local industries and to help them prepare for competition from ASEAN.

But at the same time, she urged local industries themselves to be active.

"Industries themselves cannot just sit and wait, but must actively seek to develop and take concrete steps to get ready for the 'new game'," she said.

Mr Dau said competition could be taken as healthy.

"Competition from outside will drive them to improve the quality of their products, thus to invest more on equipment or technology, which can be obtained

through foreign partners either ASEAN or non-ASEAN enterprises in Vietnam."

Assembly Sets 'Unrealistic' Tax Targets

BK3007065695 Hanoi VIETNAM INVESTMENT REVIEW in English 10-16 Jul 95 p 1,2

[Article by Trinh Thi: "Tax goals 'unrealistic'"]

[FBIS Transcribed Text] Unrealistic government tax targets have been blamed for a [Vietnamese dong] VND1.5 trillion (US\$136 million) shortfall in collections over the first half of the year.

According to General Department of Taxes (GDT) General Director, Tran Xuan Thang, revenue expectations for some sectors were too high and warned that future targets would only be met if provincial authorities could stick to proscribed collection programmes.

"The plan set for collecting tax of 200 million packs of foreign-brand cigarettes after the first half of the year is unrealistic," Thang said. "In practice instead of 200 million only six million packs were produced so about VND600 billion (US\$55 million) of tax was missed."

Exploitation of crude oil, taxes from which are planned to account for 15 percent of domestic tax revenues, has been below target expectations.

Profit from State-owned property sales has also fallen short due to a slowness, in the first half of the year, on the part of enterprises sitting on land parcel. Policy changes, such as a one percent reduction in registration fees and the exemption of taxes for domestic food wholesale trading have added to actual revenues not meeting plans.

Tax revenue in the first half of 1995 was only 39.3 percent of the projected target for the whole year.

Domestic tax collected by GDT, which accounts for nearly 80 percent of the total tax revenue or about 75 percent of the Government's income after the first half of 1995, makes up 41 percent of the whole year's planned target. This has increased by 34.7 percent on the same period last year.

GDT has asked the National Assembly to reduce the tax target by more than VND1,000 billion but the National Assembly refused. The GDT has to seek new sources or increase taxes to make up the target. Similarly the General Department of Customs (GDC) said its target of VND16,250 billion — an increase of 65 per cent in comparison with 1994 — set by the National Assembly was too high.

The import-export quota for 1995 is to increase only by 22 percent and the consumer goods import turnover

tax is planned to be equal to only 20 percent of export value.

Though after the first half of 1995, GDC collected VND6,000 billion, a 60 percent increase in comparison to the same period last year, but still only 37 percent of the whole year's target. GDC proposed that the

Government should increase the import-export quota by US\$1.2 billion on the planned US\$4.5 billion, especially for high-valued consumer goods such as motorbikes, electronic products, high quality interior equipment and cloth.

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